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RESTAURANTS

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- 3/19 Boston, MA
- 4/15 Pittsburgh, PA
- 4/28 Montgomery, AL

Increasing Sales: Effective Front-of-the-House Management*

- 3/31 Portsmouth, NH
- 4/2 Newark, NJ
- 4/26 Boston, MA

*Formerly Dining Room

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Kitchen Management

- 3/2 Oak Brook, IL
- 3/9 Shreveport, LA
- 4/9 Savannah, GA
- 4/15 Knoxville, TN

People-Power and Profits

- 3/10 Tucson, AZ
- 4/9 Richmond, VA

Tools for Training

- 2/25 Seattle, WA
- 3/19 Los Angeles, CA
- 3/20 Burlingame, CA
- 4/13 Virginia Beach, VA
- 4/14 Rockville, MD

Food Production Courses

Perfecting Your Culinary Skills

- 3/24 St. Paul, MN
- 4/14 Louisville, KY

Simplified Baking Workshop

- 3/24 Atlantic City, NJ
- 4/2 Des Moines, IA
- 4/21 Oklahoma City, OK

Soups and Sauces

- 2/16 Denver, CO
- 3/1 Washington, DC
- 3/3 Rochester, NY
- 4/7 Schiller Park, IL
- 4/8 Cleveland, OH

Foodservice Management Courses

Banquet Management

- 2/23 Newark, NJ
- 4/7 Long Island, NY
- 4/22 Cincinnati, OH

Beverage Management

- 3/30-31 King of Prussia, PA
- 4/22-23 Bloomington, MN

Coping with the Personal Demands of Foodservice Management*

- 3/25 San Antonio, TX
- 3/26 Dallas, TX
- 4/8 Detroit, MI
- 4/9 Milwaukee, WI

*Formerly Stress and Foodservice

Employee Motivation

- 3/9 Portland, OR

Food Cost Management

- 2/18 Nashville, TN
- 3/24 Pittsburgh, PA
- 4/21 Indianapolis, IN
- 4/28 Raleigh, NC

Foodservice Operators' Legal Workshop

- 2/23 Concord, NH
- 2/25 Cincinnati, OH
- 3/4 Seattle, WA
- 4/1 Newport, RI
- 4/22 Omaha, NE

Menus That Sell!

- 3/10 Troy, MI

- 3/24 Calgary, Alberta, Canada

- 3/25 Edmonton, Alberta, Canada

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- 3/19-20 Denver, CO
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- 3/25-26 Chicago, IL
- 4/13-14 Dallas, TX

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- 3/11 Cleveland, OH

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- 4/7 Portland, ME

NATIONAL CONFERENCES

National Conference on Computers in Foodservice

- 3/8-11 Dallas, TX

Conference on Planning and Financing Restaurant Growth

- 4/5-8 Los Angeles, CA

For more information, contact National Restaurant Association

Education Programs
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If your company is interested in in-house programs, call or write to the attention of Ed O'Hare.

STUDY GROUP MEETINGS

Financial Officers

- 4/1-3 San Diego, CA

Tax Executives

- 4/1-3 San Diego, CA

MIS (formerly EDP)

- 4/7-12 Orlando, FL

Internal Audit

- 4/21-24 Orlando, FL

Quality Assurance

- 4/22-24 Denver, CO

MAECO

- 5/13-15 Chicago, IL

Marketing Executives

- 5/13-16 Chicago, IL

Foodservice Purchasing Managers

- 5/14-15 Chicago, IL

For more information on specific study groups, contact Philip Kralovec, (312) 853-2525

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PRESIDENT'S REPORT

G. "Jim" Hasslocher, President
Frontier Enterprises, San Antonio, TX



Show introduces
new events

The National Restaurant Association's Restaurant, Hotel-Motel Show is still a full three months away, but preparations for the 68th annual "Show of Shows" are going full steam ahead. Judging from the way exhibits, activities and events are shaping up, this year's convention promises to be the best ever.

In addition to traditional, time-honored highlights—the Culinary Arts Salon, the "Main Course" 10-kilometer foot race, the First Ladies Luncheon—this year's Show marks the inauguration of a new and exciting event: the American Culinary Classic, an international culinary competition featuring celebrated chefs from around the world in a four-day, hot and cold food competition. This competition, the first of its kind ever held in the United States, promises to be every bit as exciting as the International Culinary Competition—"culinary olympics"—held in Frankfurt, Germany.

This year's Show also marks the expansion of the National Restaurant Association Wine Classic to include international wines. One varietal from each of the great wine-producing countries of France, Germany, Italy and Portugal will be featured, and, as always, Show attendees will have an opportunity to sample wines alongside the blue-ribbon panel of contest judges.

Without question, a combination of traditional favorites and new attractions will make the association's convention a spectacular place to be this year. But the primary attraction—the reason why 38 percent of Show-goers are regular attendees and over 100,000 attendees are expected this year—is the Show floor with its acres and acres of exhibit space. Speaking from my perspective as a business owner and operator, I depend on the association's convention to provide me with the latest in products, goods and services. I know that if it is a new menu item I need, a new design concept, a new software package or a new line of equipment, I will find it at the Show.

It's not too early to set aside the dates—May 17–20—and plan to be in Chicago.

On the Washington front, your association's board of directors didn't even wait until the 100th Congress was sworn in to begin promoting industry issues on Capitol Hill. The day before the swearing-in ceremony, association directors met with key lawmakers in the House Ways and Means, Budget and Labor Committees as well as the Senate Labor Committee to outline the association's position on proposed legislation. Chief among the topics discussed was President Reagan's proposal, included in his 1988 budget, requiring restaurateurs to pay Social Security taxes (FICA) on all employee tip income. Currently, FICA taxes are limited to cash wages and to the portion of tips considered to be wages under the minimum-wage law.

Association directors pointed out that the proposed change is unjust because it imposes a payroll tax on non-payroll income. Furthermore, Congress rejected the same proposal in the past; no rationale exists for reversing this judgment in 1987.

Directors meet new
Congress

Association
publishes guides
on critical issues

Conference on
expansion offered

Members mail in
menus

Lawmakers also heard association views on pending labor legislation, including mandated health benefits, parental and disability leave, catastrophic health care and job training for dislocated workers. Association directors pointed out that such legislation is nothing more than an unfair attempt by government to shift funding of its social programs to employers.

As a participant in these Capitol Hill meetings, I can assure you that our views—*your* views—were heard and clearly understood by the lawmakers with whom we met. But I also know that meetings are not enough. I urge you to write to your representatives in Congress. Let them know your opposition to these proposals.

The latest in the association's series of *Current Issues Reports* will be published this month. This new report, entitled *A Restaurateur's Guide to the Insurance Crisis*, provides a comprehensive look at the commercial liability insurance situation and at ways restaurateurs can cope with it. It is the rare operator in business today who has not been affected by the insurance problem. This report will prove an invaluable tool in minimizing that effect while maximizing your financial security.

The Foodservice Operator's Crisis Management Manual will also be published this month. This manual will help you prepare for potential crises, such as foodborne illness outbreaks, product recall, customer injuries or employee strikes. And, equally as important, it will prepare you for the media coverage and possible litigation that may accompany such disasters.

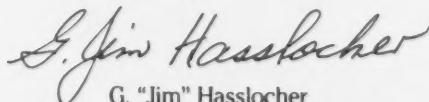
A Restaurateur's Guide to the Insurance Crisis and *The Crisis Management Manual* will be mailed to key association members. Additional copies may be obtained by contacting our Washington office.

If you are planning for growth or expansion of your business, or even if you are just getting into the industry, you won't want to miss the National Restaurant Association/Laventhol & Horwath Conference on Planning and Financing Restaurant Growth, to be held in Los Angeles, CA, April 5-7. Laventhol & Horwath, a leading accounting and consulting firm to the hospitality industry, has joined with your association to sponsor this conference. This is the first time that leading industry representatives and financial experts will come together specifically to address the benefits and pitfalls inherent in restaurant growth.

Finally, the deadline for submitting an entry into this year's Great Menu Contest—February 28—is fast approaching. Menus from all over the world are arriving in our Washington offices. Yours could be the menu that takes the grand prize this year—but only if you submit it.

During January, 158 foodservice operators and allied suppliers joined us as members of the National Restaurant Association. Welcome. Your participation in the association will make your business grow and will make the association more effective in its endeavors on your behalf.

Sincerely,



G. "Jim" Hasslocher
President and Chairman of the Board

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13 Customizing benefits

Because there are no standard formulas for successful employee benefit programs, operators are customizing benefit plans to best fit their operational and employee needs.



16 Profit-sharing

Profit-sharing plans can be valuable motivators—increasing employee productivity and loyalty while decreasing turnover and absenteeism.

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Benefit plans are regulated, to some extent, by federal law. Here are some of the legal aspects to consider when instituting an employee benefit plan.

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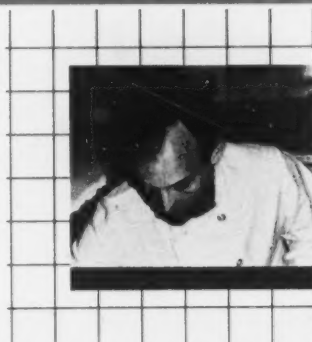
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26 Cooking classes

Operators are cooking up customer and community recognition with cooking classes. Here's how cooking classes can boost your restaurant's visibility.



30 Adapting to the interest in nutrition

Adapting to customers' interest in nutrition does not necessarily mean revamping your whole menu. Instead, minor modifications can do the trick. Sidebars on identifying customer needs, publicizing a nutrition program and locating nutrition resources will help you design a successful nutrition program.



Cover photograph by Mark Borchelt

SHORTORDERS

AH&MA introduces Bicentennial program

The American Hotel & Motel Association (AH&MA) has introduced its 1987 campaign, the "Summer of Great American Hospitality." The program, one of the first private sector programs introduced in support of the Bicentennial and officially recognized by the congressionally appointed Commission on the Bicentennial of the U.S. Constitution, is a hospitality industry educational program designed to create public awareness about the significance of the writing of the U.S. Constitution and the role the hospitality industry plays in facilitating such great happenings.

The program's theme, "When People Get Together,



To commemorate the announcement of its 1987 summer program, AH&MA presented former Chief Justice Warren E. Burger, chairman of the Commission on the Bicentennial of the U.S. Constitution, a specially commissioned painting depicting the authors of the Constitution. The painting will serve as the signature artwork for an official poster of the Bicentennial commission and focal point for AH&MA's "Summer of Great American Hospitality." The program has been designed to coincide with the actual dates of the constitutional convention 200 years ago, May 25–September 17.

Great Things Happen," will be supported by print, radio and TV public-service advertising as well as a private-sector promotional campaign that will involve many

of the nation's 45,000 hotels and motels and thousands of participating restaurants and other travel-related businesses.

AH&MA is developing a resource kit that will include

logo sheets, artwork, historical anecdotes and methods to tie in American history with summer promotions. The kit will be mailed to all AH&MA members in late February, and it will be available to others for a nominal fee.

AH&MA is also producing an educational brochure that will feature significant facts about the constitutional convention as well as a profile of the hospitality industry, including career opportunity information, facts and figures. Participating companies will distribute the brochure (which provides a blank panel for a company logo and message) to their guests and customers throughout the summer, beginning with National Tourism Week, May 17–23, 1987.

For more information, contact Steven E. Trombetta, AH&MA, 888 Seventh Ave., New York, NY 10106; (212) 265-4506.

Sommelier exam program to make American debut in Monterey

The British Court of Master Sommeliers, in cooperation with the National Restaurant Association, will administer a U.S.-based advanced sommelier course and Master Sommelier diploma examination during the Monterey Wine Festival in Monterey, CA.

Twenty candidates, chosen on the basis of their resumes, will participate March 6–10, 1987, in Monterey. Beginning March 8, the National Restaurant Association will be sponsoring the

four-day Monterey Wine Festival.

The idea of bringing this prestigious program to America was initiated and organized by Monterey's Fred Dame, a Master Sommelier and cellar master at The Sardine Factory restaurant in Monterey, CA, and Ted Balistreri, co-owner of The Sardine Factory and immediate past president of the National Restaurant Association.

The course, renamed the National Restaurant Association Court of Master Sommeliers Advanced Certificate, will consist of four days of instruction and examination. Some of the finest wine-makers, viticulturists and wine educators in California comprise the list of instructors. Those candidates who pass will move on to the masters exams.

The Master Sommelier exams, traditionally held in England, feature three oral tests administered by panels of five to 10 certified masters. In the first test, a candidate is asked questions concerning the practical service of wines, sherries, cognacs, ports and cigars. The second test covers theory in the viticultural regions of the world. In the third exam, a candidate is asked to identify, by vintage, origin, variety and shipper, a selection of wines served blind.

By any standard, the Master Sommelier examinations are challenging, symbolized by the fact that there are only 45 Master Sommeliers in the world. In England, only 10 candidates are accepted for testing annually, and only one or two will pass.

"This program makes the

job of sommelier/wine steward a profession," says Dame. "In a profession, you need education, an examination, a diploma and a spirit of competition. And this is the Mount Everest of the sommelier profession—a chance to prove yourself against the best in the world."

The 1987 Monterey Wine Festival will feature more than 175 California wineries, daily luncheons highlighted by prestigious speakers from the world of wine, three evening wine tastings and the second-annual oversized-bottle auction benefiting the Andre Tchelistcheff Scholarship Fund to further the study of enology and viticulture.

For more information, contact Tom Corcoran, festival director at the National Restaurant Association's Chicago office, (312) 853-2525.

President's budget plan includes FICA tax increase

Early last month, President Reagan submitted his \$1.024 trillion budget plan for FY 1988, which begins Oct. 1, 1987; as required by the Gramm-Rudman deficit reduction law, the President held the proposed deficit to \$108 billion. Now, the ball is in Congress's court to come up with and pass its own plan.

The administration's budget achieves some \$41 billion in savings in order to meet the Gramm-Rudman constraints. Fifty-three percent of this amount may be accounted for by new revenues, chiefly coming from new user fees for government services, sales of certain government assets and stepped-up IRS tax collection.

Among the budget proposals of interest to the food-service industry are:

□ **Employer FICA payments on all tips.** The President's budget plan contains a proposal requiring restaurateurs to pay Social Security taxes on ALL employee tip income. Currently, an employer's FICA contributions are limited to cash wages and to the amount of tip credit taken. The administration estimates that this change in FICA payments would generate \$200 million in new revenues.

The association opposes this plan, which would make employers liable for payroll taxes on money servers receive from a third party. "The real incentive behind this proposal is the desire to increase revenues," says National Restaurant Association President G. "Jim" Hassloch-

er. "There can be no claim of equity made for this proposal."

□ **Job training.** The issue of American competitiveness receives special attention in the President's budget, which allocates nearly \$1 billion for a new federal job-training program aimed at getting "dislocated" workers—including those affected by company closings and long-term collectors of unemployment insurance—back into the economic mainstream as quickly as possible.

The administration's budget also replaces the Job Training Partnership Act's summer youth employment program (instituted in 1983) with an \$800 million year-round program targeted at youths whose families are welfare recipients. The pro-

posed program would fund job or literacy training as well as subsidize employment.

□ **Immigration law enforcement.** President Reagan's budget boosts funding for the Immigration and Naturalization Service (INS) to accommodate the effects of the new immigration law. Among the anticipated personnel increases at INS are approximately 900 new investigators to administer the employer sanctions provisions of the new law.

□ **Meat and poultry inspection fees.** The President's budget suggests that a user fee be imposed on manufacturers of meat and poultry products. Federal law requires that their products pass federal inspection. The inspection service is current-

ly provided free of charge. The administration estimated that "full implementation of these charges, if completely passed on to the consumer, would result in an average price increase of less than 0.3 cents per pound of federally inspected product."

□ **Small Business Administration (SBA).** After several years of trying to eliminate the SBA and transfer some of the agency's functions to the Commerce Department, the administration appears to have given up its efforts. As well as allocating money for the SBA's continued existence in his 1988 budget, the President also recently announced that he intends to nominate former Sen. James Abdnor (R-SD) to fill the long-vacant spot of SBA administrator.

Democrats take control of new Congress

The 100th Congress convened last month amid much speculation on what the next two years hold in store for employees, employers and taxpayers in general. The Democratic takeover of the Senate, the budget deficit and the drive to increase U.S. "competitiveness" are all factors that will affect Congress's activities.

Under Democratic leadership

Labor issues are likely to receive more attention this year, in large part because Sen. Edward Kennedy (D-MA) has taken the reins of the Senate Labor and Human Resources Committee. Already, bills have been introduced to raise the minimum wage, mandate certain parental and disability-leave benefits and require that workers be given advance

notice of a company's closing.

Legislation to ban polygraph testing, one of organized labor's priorities, is also expected to come up early in the 100th Congress. The bill is likely to meet with a more receptive Senate audience than it did last year, when the controversial legislation was passed by the House but never made it to the Senate floor for debate.

The Democratic takeover of the Senate sweeps in other new committee heads, but most are not expected to differ markedly from their Republican predecessors. There are a few exceptions: The new Agriculture Committee chairman, Sen. Patrick Leahy (D-VT), is committed to the dairy price-support program. Sen. Ernest F. Hollings (D-SC), a vocal opponent of product liability reform, will chair the Senate Commerce Committee, which has jurisdiction over that issue.

Cost-conscious Congress

The federal debt will overshadow all congressional decisions, making revenue-raisers and programs whose costs can be picked up by the private sector more attractive to legislators.

Health-care proposals, for example, will receive close attention in 1987. The problems of catastrophic health care and how to provide insurance for the estimated 35 million Americans who need it may result in financing proposals that significantly affect the private sector.

Tax reform, which captured so much attention in the 99th Congress, is likely to slip into the background this year. Insiders anticipate that the new law will be given about one year to "settle" before any changes—other than purely technical—are made to the tax code.

—Jay Morris
—Denise Roach

Biff Naylor discusses the association's PAC

*The National Restaurant Association's Political Action Committee (PAC) receives voluntary personal contributions from association members and, in turn, contributes to the campaigns of U.S. Senate and House candidates sympathetic to the interests of the restaurant industry. Recently, PAC Chairman W.W. "Biff" Naylor, president of Naylor Management, Inc., Los Angeles, CA, talked with **Restaurants USA** about the PAC and the association's efforts to get more restaurateurs involved in the political process.*

Restaurants USA: How did the PAC fare in this last election?

Naylor: Last year was an excellent year. We raised more money than ever before for candidates who support the industry and the free-enterprise system. Politically, I think we were able to place foodservice in a very positive position. We made contributions to 123 candidates, and we boosted our average contribution per candidate to \$1,854. We raised about \$250,000 in the 1985-86 election cycle—a substantial increase over the \$100,000 we were able to raise in the 1983-84 election cycle.

Q: Have you set a fundraising goal for the 1988 elections?

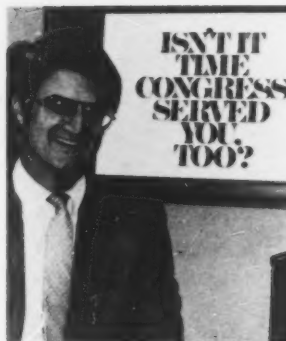
A: Yes, we hope to raise \$400,000 in the next two years. By expanding our advisory committee and placing a continuing emphasis on local fundraising events—which proved so successful last time—we can reach that goal. The key, of course, is to get more restaurateurs involved at the state and local level.

Q: Since involvement is such a key, what do you say to the restaurateur who asks, "Why should I bother to give to the PAC?"

A: I tell them that a contribution to the PAC is an investment in good government and the free-enterprise system. They can have the best restaurant in the world, but if they can't operate that restaurant freely, it doesn't make any difference. If they want to create an environment in which their business can grow and prosper, their voice has to be heard in Washington.

I'm not discounting the importance of individual contributions to a campaign, but often a contribution to a PAC makes more sense because we pool the resources of many restaurateurs. How many people have the resources to contribute to 100 or more candidates in one year? How many can study all the candidates to determine which ones favor the industry position on issues? The association staff in Washington follows every race in the country. They know where the candidates stand on the issues, and they know which ones need the most help. That makes a contribution to the PAC very cost-effective—every penny goes where it does the industry the most good.

Q: Do you find any correlation between giving to the PAC and personal political involvement?



A: Very much so. I definitely think the PAC movement has led to greater citizen involvement in politics. We certainly have tried to foster it with our Political Education Committee (PEC) and Key Contact program. Many restaurateurs are already involved in politics at the local level—serving on city councils or school boards or in elected offices at the state level. We need to make a concerted effort to find and cultivate these operators and help them along. We want to support them as they seek higher office at the federal level.

Last year, restaurateur Dale Bell ran for Congress in South Dakota. He had a tough race and unfortunately lost, but I'm proud that we were able to help him and that other hospitality and foodservice PACs joined us in supporting him.

Q: Is there a lot of that kind of cooperation among the various PACs—concentrating resources to make a difference in a tight race?

A: Very much so. One of the most gratifying things I've seen in the last few years has been industry leaders uniting to protect each other's interests. There's been a real effort on everyone's part to take all industry issues seriously, even if they may affect only one segment of foodservice.

Q: PACs also help establish an industry presence in Washington. How effective do you think the association's PAC has been in this regard?

A: I think today's candidates are more aware of business issues than in the past, but we still have our work cut out for us. In many ways, foodservice remains misunderstood. We're a large, complex industry that employs millions of people, yet so many in Congress still think of us in terms of that little mom and pop restaurant back in their district. We definitely have some educating to do, and I believe our PAC activities are part of the key to changing these attitudes.

Q: What do you say to critics of the PAC system who argue that PACs are a negative influence on Congress and the election process?

A: PAC contributions make it possible for well-qualified people to run for office and to stay in office—people that might not otherwise be able to afford to run. It takes a tremendous amount of money to launch a campaign for Congress. The average incumbent in the House now spends \$1 million or more; challengers spend about 60 percent of that. PAC dollars provide candidates with the necessary means to get elected.

I've never heard of a candidate changing a vote on a piece of legislation because a PAC gave him money. Money does not buy votes; it supports a certain point of view, a philosophy of government. Contributions aren't given to candidates in hopes of changing their minds; they are given to candidates whose minds have already been made up.

Editor's note: For more information about the PAC or other association political programs, contact Tom Kelley in the association's government affairs department, (800) 424-5156 or (202) 638-6100.

Board tests legislative, regulatory outlook

In the Rayburn House Office Building last month, several members of the executive committee met with congressional decision makers, a Department of Labor (DOL) legislative officer and a key Capitol Hill aide to test the legislative and regulatory outlook for 1987.

Participating in the symposium were Sen. Dan Quayle (R-IN), Senate Budget, Labor and Human Resources and Armed Services committees; Rep. Gus Hawkins (D-CA), chairman, House Education and Labor Committee; Rep. Ed. Jenkins (D-GA), House Budget and House Ways and Means committees; E. Ripley Forbes, special assistant, Energy and Commerce Subcommittee on Health and the Environment; and Ingrid Voorhees, DOL legislative officer.

National Restaurant Association Board members in attendance were Chairman of the Board and President G. "Jim" Hasslocher (Frontier Enterprises, San Antonio, TX); Ted Balestreri (Sardine Factory, Inc., Monterey, CA); Mike Hurst (15th Street Fisheries, Ft. Lauderdale, FL); Richard E. Marriott (Marriott Corp., Washington, DC); Jim Peterson (Whataburger, Inc., Corpus Christi, TX); W.W. "Biff" Naylor (Naylor Brothers Restaurants, Inc., Los Angeles, CA); Bud Rusitzky (Serv-Rite Food Service and Consulting Corp., Pittsford, NY) and Robert E. Wood (Bob Evans Farms, Inc., Columbus, OH).

Remarks made during the meeting

Sen. Dan Quayle (R-IN), member of the Senate Bud-



Sen. Dan Quayle (R-IN), left, discusses upcoming legislative issues with association President G. "Jim" Hasslocher, center, and Treasurer Jim Peterson, right.

get and Labor and Human Resources and Armed Services committees, expects

□ government to look to those with the deepest pockets (i.e., employers) in the area of mandatory benefits

□ the private sector to become the catchall for the 100th Congress, which will favor programs that do not cost money

□ that the House and Senate Labor committees might have the votes to pass legislation on minimum wage, minimum health-benefits package, parental leave, catastrophic health care, occupational risk notification and plant closings.

Rep. Gus Hawkins (D-CA), chairman of the House Education and Labor Committee, forecasts major worker dislocation, parental/medical leave, polygraph testing, civil rights and minimum wage to be big issues for the 100th Congress.

Rep. Ed Jenkins (D-GA), member of the House Budget and House Ways and Means committees, expects that

□ there will be no real action on tax reform since the

corrections bill to the Tax Reform Act of 1986 is expected to be technical in nature with no substantive changes to the passed bill

□ the government's need to raise money could affect payroll taxes with the institution of some selective measures, such as FICA on all reported tips

□ further reduction of the business meal deduction is not likely in 1987

□ excise tax legislation could gain easy passage if taken up on the floor

□ budgetary items, such as military spending and Social Security, will draw considerable attention since spending on defense, Social Security and debt interest accounts for \$700 billion of the United States' \$1 trillion yearly budget.

E. Ripley Forbes indicated that

□ the Energy and Commerce Subcommittee on Health and the Environment, which has jurisdiction over foods and food safety, would not push for ingredient labeling in restaurants this year since the subcommittee's agenda is already full with major legislative proposals

□ smoking/non-smoking legislation should not be big items with the subcommittee since some of the subcommittee members consider it a state legislative/regulatory issue and

□ sulfite labeling for potatoes will not be an issue in Congress since the Food and Drug Administration (FDA) is currently reviewing it.

Ingrid Voorhees, legislative officer with the Department of Labor, predicted that labor issues will be a significant part of the agenda for the 100th Congress. She advised watching for bills requiring mandated benefits in the area of parental/disability leave and health insurance, a minimum benefits package, retiree health-plan coverage, risk pools for non-employees and plant closings.

Voorhees cautioned that small employers might be a particular target for mandated benefits and employee dislocation stemming from plant closings because large employers tend to provide good health plans and large industries have already faced legislation in the area of plant closings.

—Dorothy Dee

The decrease in the available labor pool has created an environment in which employers must be more aggressive and competitive in attracting employees. In many areas of the country, minimum wage is no longer the normal compensation offered to entry-level employees. Employers are now using benefit and incentive programs in addition to competitive wages to hire the most qualified work-

ers. In fact, benefit and incentive programs are now being accepted as a required cost of doing business.

A properly organized and implemented benefit and incentive program has the following objectives:

1. To attract and retain the most talented people for the organization
2. To improve overall employee relations
3. To achieve an increase in employee morale, motivation and performance
4. To reduce employee absenteeism from the job
5. To reduce overtime hours caused by absenteeism
6. To decrease employee turnover and

7. To generate cost savings through less time spent training new staff.

The options available for an effective benefit and incentive program are extensive and can vary from the simple to the complex. When considering a program for your organization, bear in mind that it should meet the needs of your employees. Consider the ages of your employees, their sex, their marital and family status; their general lifestyle; their payroll status (salary or wage) and their length of service. Before you implement a plan, you may wish to ask a few employees to review it for their input. An employer who approaches benefits and incentives with an honest consideration of employee needs will most certainly be rewarded by a loyal and committed staff.

No single program is ideal

No single program is ideal for every employee. A recent concept in benefit programs is called a "cafeteria plan," which is becoming more and more popular in the workplace. Under such a plan, employees are provided with a

Overview

Employee Benefits Attract the Best

by
**Bonnie R. Friedberg
and
John H. Callahan**

"menu" of benefit choices from which to choose those benefits most meaningful to their personal situations. They are also informed of how much the employer will spend on these benefits and how much their costs will be. The employer's portion is usually determined as a percentage of total annual wages.

Benefit and incentive plans must also be appropriate for the organization. Some options present administra-

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tive challenges (usually in the form of increased paperwork) which small operators may not be able to coordinate. Others are simple to implement and require little time to administer. When considering the time required to administer a program, however, never lose sight of the goal—to hire, motivate and retain those employees most likely to contribute to the efficiency and effectiveness of the organization.

Although this article reviews some of the most common benefit and incentive programs, you should seek out professional guidance from your legal, insurance and accounting advisors before you finalize a benefits package. The list here deliberately excludes government programs, such as Social Security, workers' compensation insurance and unemployment compensation. These are required by statutory regulation.

Most common benefits

★ Medical/health programs.

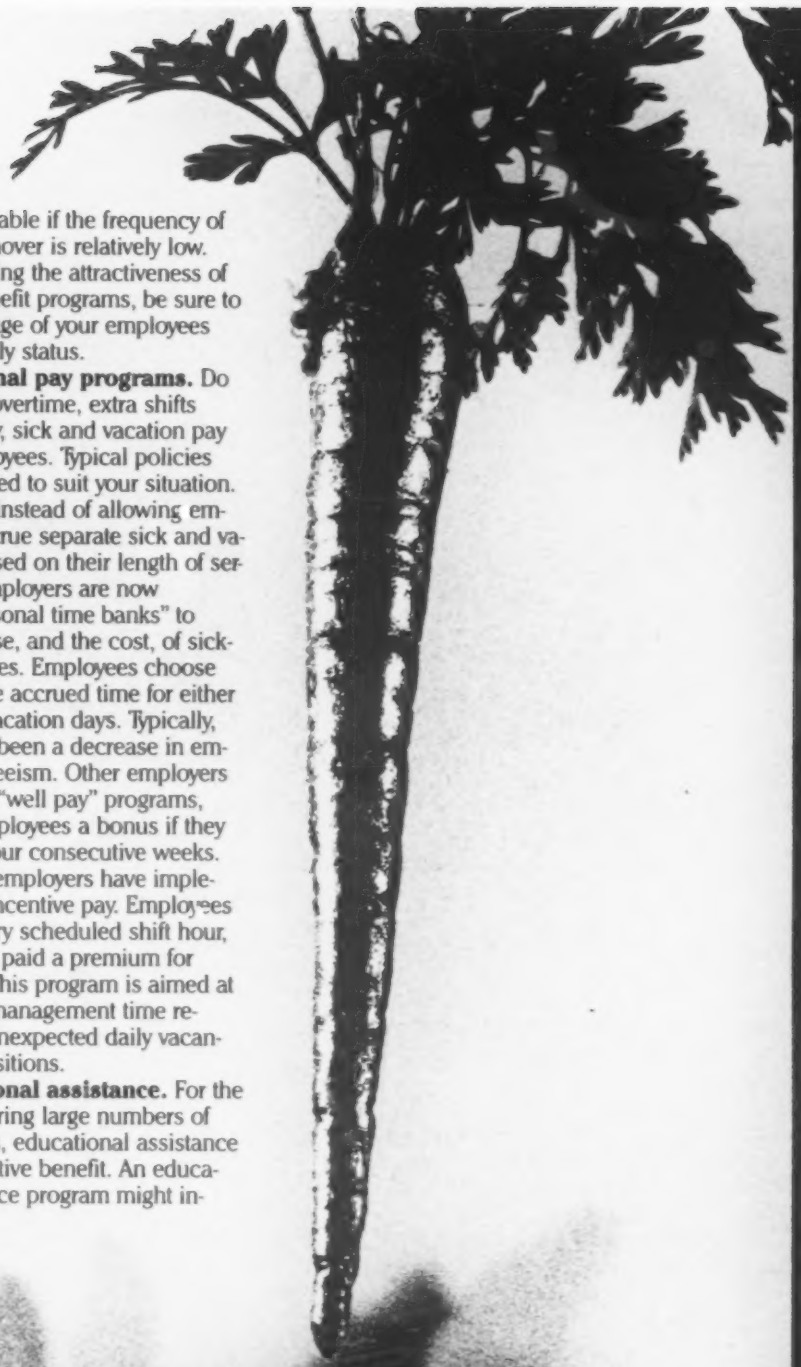
Medical and health-related programs are the most common benefit used in the United States. Included in such programs are hospital, surgical, accident, major medical and dental insurance plans. Coverage is usually provided on a group basis because individual coverage is prohibitively expensive. Sometimes, additional health programs are administered by the employer to include contributory payments for those items not covered by the standard plans, such as physical examinations, clinic visits, routine dental services, vision and auditory exams and blood bank usage costs. Health maintenance organizations have become increasingly popular because they attempt to control employer costs and the time required to administer the program.

★ Insurance programs. Group life, individual life, accidental death/dismemberment, long and short-term disability and travel-accident policies are commonly awarded benefits for older, management-level employees. Administration of these policies is gen-

erally manageable if the frequency of employee turnover is relatively low. When evaluating the attractiveness of insurance benefit programs, be sure to consider the age of your employees and their family status.

★ Additional pay programs. Do not overlook overtime, extra shifts and/or holiday, sick and vacation pay for your employees. Typical policies can be modified to suit your situation. For example, instead of allowing employees to accrue separate sick and vacation pay based on their length of service, some employers are now accruing "personal time banks" to avoid the abuse, and the cost, of sick-time allowances. Employees choose whether to use accrued time for either sick days or vacation days. Typically, the result has been a decrease in employee absenteeism. Other employers are designing "well pay" programs, which pay employees a bonus if they stay well for four consecutive weeks. Finally, some employers have implemented shift-incentive pay. Employees who work every scheduled shift hour, as agreed, are paid a premium for those hours. This program is aimed at reducing the management time required to fill unexpected daily vacancies in key positions.

★ Educational assistance. For the operator requiring large numbers of young workers, educational assistance is a very attractive benefit. An educational assistance program might in-



clude tuition aid contributions or scholarship awards for those attending or planning to attend college, which can help employees offset the skyrocketing cost of college tuition and expenses.

Education programs can also be aimed at increasing an employee's knowledge of his or her current job or of the overall industry. On-the-job training programs, attendance at local industry seminars and paid subscriptions to industry journals are some common examples of benefits in this area.

★ **Employee counseling.** For the small operation, in-house employee counseling services are often prohibitively expensive. But many operations can provide, at no cost, a referral service which guides employees to appropriate professionals for the advice or help they need. Such programs express the employer's concern for the problems individual employees may encounter away from the workplace—a practice known to build loyalty.

Referrals might include alcohol/drug

assistance, personal/emotional counseling, financial/credit management assistance, legal services and preretirement counseling. Your attorney and accountant, for example, may be interested in participating in such a referral program.

★ **Child care.** Private child care facilities are too expensive for all but the largest corporate organizations. However, restaurant owners and managers must recognize the increasing role that working mothers have in the United States today and the need they have for proper child care. In fact, child care benefit programs are predicted to become the benefit of the 1990s, eclipsing health insurance programs as the most sought-after benefit.

The small or independent restaurant operators who want to assist the parents on their staffs can do so in a number of ways. They can implement (1) a referral program of nearby licensed child care centers, (2) contributions to child care costs, (3) flexible hours and/or responsibilities for those

workers who must provide transportation for their children to and from day care centers, (4) sick-child days given as personal, unpaid leave time, without affecting seniority or accrual of benefits and (5) maternity and paternity leaves after the birth of the child, again without compromising seniority.

★ **Performance incentives.** The most cost-effective benefit and incentive program is a system of awards or bonuses given for desired performance. Such performance incentives can take the form of profit-sharing, length of service awards, idea/suggestion box awards, productivity awards and safety commendations. All are based on a specific, objectively measured level of performance which conforms to the organization's objectives. Since these objectives are usually concerned with profitability, it is cost-effective to award employees for attaining them. Moreover, no cost is incurred if the objectives are not met.

Because public recognition is known to be a leading employee motivator, performance incentives, with the exception of profit-sharing, should be awarded with maximum public recognition to include other employees, family and friends. Also, give tangible awards. Cash or food awards are quickly used and do not serve as a reminder of the performance level being compensated.

You can include numerous other benefits and incentives in your benefits program. The sidebar for this article provides a listing of additional ideas which can be used to design the most appropriate program for your operation.

In conclusion

Before you begin, establish a budget for benefit/incentive program costs and talk with your employees to identify those benefits that fit both their needs and your budget. Once a program is implemented, remind your employees regularly of the attributes and worth of your program. Introduce upgrades or changes to the program with excitement. Award incentives and gifts in public to improve general awareness of the program. But above all else, use your benefit and incentive program as you would a marketing tool, aimed at attracting the best employees available to your operation. □

Benefits and incentives

- ★ Athletic team sponsorship
- ★ Bereavement leave and pay
- ★ Child care
- ★ Christmas party
- ★ Coffee breaks
- ★ Company-sponsored memberships in community service organizations
- ★ Credit union memberships
- ★ Direct deposit of payroll checks
- ★ Discounts to employee family members
- ★ Educational assistance
- ★ Employee counseling or referral
- ★ Excused voting time
- ★ Flexible hours
- ★ Health club corporate memberships
- ★ Holiday turkey or ham
- ★ Idea/suggestion box awards
- ★ Industry membership fees
- ★ Insurance programs, including group life, individual life, accidental death/dismemberment, long and short-term disability and travel-accident policies
- ★ Jury duty leave
- ★ Length of service award
- ★ Loans to employees
- ★ Locker room/shower facilities
- ★ Meal allowances
- ★ Medical/health programs, including hospital, surgical, accident, major medical and dental insurance plans
- ★ Paid holiday leave
- ★ Paid sick leave
- ★ Paid vacations
- ★ Parking cost assistance
- ★ Payroll deductions for insurance program
- ★ Pension plans
- ★ Personal leave, paid or unpaid
- ★ Productivity awards
- ★ Profit-sharing
- ★ Recreational activities
- ★ Relocation expense reimbursement
- ★ Safety commendations
- ★ Summer picnic
- ★ Trade journals and periodicals
- ★ Transportation cost assistance
- ★ Uniform/dry cleaning allowance
- ★ Vending machines
- ★ Well pay programs

Customize Benefits

by Anne Papa

CUSTOMIZING BENEFITS



Executives at Sonesta International Hotels Corporation (Cambridge, MA-based with 11 domestic and foreign properties) are well aware that the hospitality industry is in the midst of a labor shortage. "It's no secret," acknowledges Jacqueline Sonabend, vice president of human resources at the hotel chain. "Finding and maintaining quality employees are priority concerns throughout the industry."

But Sonabend speculates that the problem may be less acute at domestic Sonesta hotels than at other companies because all Sonesta employees are provided with a comprehensive, liberal benefits package. "Company executives are determined to keep our hotels in the forefront in terms of employment," explains Sonabend. "One way this is done is through benefits."

Sonesta's benefits package, covering all employees from dishwashers to servers to managers, includes health and dental insurance, a pension plan, free meals, parking, uniforms, dry

cleaning, tuition reimbursement for job-related studies and paid sick and vacation days.

In addition, managers at each unit are required to conduct annual wage and benefits surveys of surrounding businesses in order to remain competitive. "We find out what the competition is doing; then, go one better," says Sonabend. For instance, a recent survey in Boston found that most area hotels offer three days of sick leave per year. Consequently, Sonesta employees also receive three days of sick leave—plus one day of personal leave.

Sonabend says the company does not view its benefits package as the perfect panacea to the labor shortage problem. "We don't claim to have the ultimate solution," she acknowledges. "But the fact is, benefits demonstrate to

"Only those employees who want coverage receive it. It's up to each employee to decide if it's worth it."

our employees how much we value them. And this value translates into loyalty. Employees are less likely to leave a company which clearly appreciates them."

Customizing a benefits package

By any standard, the benefits package provided at Sonesta Hotels is a comprehensive one. And the inclusion of hourly employees as well as managerial staff in the plan appears to go far in reducing employee turnover where it occurs most—at the hourly level.

But Sonesta's plan is not for every operation. Laments one restaurateur, "If I added every new hire into a benefits program, I'd go broke. Not to mention

CAFETERIA PLANS



Max Karl Winkler

that, with the paperwork involved, I'd never have time to do anything else." Many operators across the country share this sentiment. Particularly at small or seasonal operations, a certain amount of turnover is inevitable. Therefore, in terms of cost, time and energy, an all-inclusive benefits program for all employees may not be practical.

Fortunately, there are numerous creative options available to operators who want to provide for their employees, yet do not want to overextend their resources. Here is a look at some ways operators have custom-made their benefit packages to fit their operations:

Employees pay into plan. Times Enterprises, Inc., which operates two Hard Times Cafe chili parlors (90 seats each) in the Washington, DC, area, offers its employees a comprehensive medical and dental insurance plan. In order to participate, however, hourly employees are required to pay a certain dollar amount out of each paycheck into the plan.

"Basically, we're offering our hourly employees insurance coverage at group rates rather than at individual rates," explains Jim Parker, secretary/treasurer of Times Enterprises. "As any-

Anne Papa is a communications specialist for the National Restaurant Association.

one who pays insurance premiums knows, this represents a substantial savings." And by charging employees rather than financing the plan through company funds, Times Enterprises saves substantially as well. "Only those employees who want coverage receive it," says Parker. "It's up to each employee to decide if it's worth it."

Parker adds that the insurance option is not immediately available to every employee. "We've established a waiting period for new employees based on the normal amount of turnover at each position," he explains. "Otherwise, we would be perpetually adding and subtracting names to the plan." Cooks and chefs are required to wait six months before participating in the plan. Servers, for whom turnover is more frequent, must wait one year. Managers, whose premiums are paid by the company, are provided with insurance coverage after three months of employment.

Cafeteria plans. Many companies are recognizing the value and cost-efficiency of "cafeteria" benefit plans—that is, employees are offered a range of benefit options, but only select those which fit their specific needs.

At Miami, FL-based Burger King, a cafeteria (or "flex") plan was initiated at corporate headquarters and at company-owned units in January. According to Jo Hutcherson, assistant manager of public relations for Burger King, the plan, which applies to salaried employees only, was established for two reasons. "Primarily, we hope to provide employees with coverage they can really use," Hutcherson explains. "But the plan was also established to save money. We're no longer paying for benefits employees don't need."

The Burger King cafeteria plan works as follows: Similar to Times Enterprises' employees, Burger King employees pay a certain dollar amount of each paycheck toward insurance coverage. But with the new plan, that dollar amount may either increase or decrease—depending on the amount of coverage desired.

Hutcherson offers an example of how the plan might prove beneficial. "Let's say a regional manager is contributing a certain amount of his paycheck toward medical and dental insurance," she suggests. "And let's say his wife's company offers a dental plan

that covers both employees and spouses. This amounts to double dental coverage for the Burger King employee. The new flex plan, therefore, allows him to opt out of Burger King's dental plan while retaining major medical coverage. The employee saves money, and Burger King saves money."

Additional features of Burger King's plan include a special "flex fund" which consists of employee contributions. According to Hutcherson, money from the fund goes toward extra benefits, such as child care and non-covered medical expenses. The portion of an employee's paycheck allocated to the fund is not taxed. And, like all aspects of the plan, allocation of money into the flex fund is completely voluntary.

Hutcherson cites frequent turnover as a main reason why hourly employees are not included in the flex plan. However, Burger King recently upgraded its benefits package for hourly employees. "Employee feedback indicated that our hourly benefits plan was not the best," admits Hutcherson, "so we brought it up to the standards of our plan for salaried personnel. Hourly employees now have the option of paying into our major medical and dental insurance plan."

401(k) plans. Although the 1987 tax law mandates a new set of restrictions on the 401(k) plan, many companies still consider the federally designed plan to be a valuable employee benefit. Under the 401(k) plan, employees contribute between one and six percent of their paychecks into the plan. Employers may or may not elect to match employee contributions with company funds (such as 50 cents on the dollar); either way, all money contributed into the plan is tax-deferred.

"401(k) plans offer significant, long-term savings," says Sarah Wolski, director of human resources for San Mateo, CA-based Calny, Inc., owner of 143 Taco Bell units and 15 La Petite Boulangerie units on the West Coast. Participation in Calny's 401(k) plan is open to all employees, both managerial and hourly. "It is perceived as a good benefit because it focuses on future security, rather than the 'here and now,'" says Wolski.

She adds that a minimum participation requirement, set by the government, is the main reason that hourly

employees are included in the plan. And for the most part, the new tax law which limits individual 401(k) contributions to \$7,000 (previously, the cap was \$30,000) does not generally affect hourly employees. "Benefits involving future investments are typically offered only to management," notes Wolski. "The 401(k) is a good way to provide hourly employees with a type of benefit they might not otherwise receive."



Meals. Because the savings gained by eating meals at work are immediate and obvious, this benefit is greatly valued by employees. Few businesses are better equipped to provide this basic, yet immensely well-received, benefit.

"If an employee eats five shift meals during a week, that is five meals he or she doesn't have to pay for, prepare and clean up after," reasons Jacqueline Sonnabend of Sonesta Hotels. "Employees appreciate the savings. And free meals are one of the simplest and least expensive benefits a foodservice operator can provide." At Sonesta hotels, special cafeterias are set up for employee meals, with dining room privileges granted to managers for business meals.

At Phillips Seafood Restaurants, which operates seven restaurants in Ocean City, MD, Washington, DC, and Baltimore, MD, employees are also given free meals—regardless of whether or not they are on duty. "A large percentage of our staff is seasonal, working only during the summer months," explains Suzanne Jackson, payroll manager for Phillips. "Generally, they are college students, for whom

money is tight. Eating three square meals a day isn't usually a priority for them." So Phillips provides daily meals—breakfast, lunch and dinner—for all employees, regardless of their work schedule. "The service eliminates the hassle of preparing meals, and it saves money," says Jackson.

Lodging. Less common but certainly no less beneficial, particularly for seasonal staff, are companies that find or even provide lodging for employees. At Phillips, a dormitory is set up for summer employees near the company's main restaurant. "Employees pay rent, but it is one of the least expensive summer rates in the area," maintains Suzanne Jackson. Rooms are allocated on a first-hired, first-served basis.

Foodservice employees working in hotel restaurants frequently receive another kind of lodging benefit: complimentary lodging in company hotels in other cities. For instance, employees of Seattle, WA-based Westin Hotels are allocated up to 10 "comp rooms" per year on a space-available basis.

Special events. Although not generally categorized as benefits, special events, such as contests, parties and picnics, demonstrate to employees how much they are valued. The events promote overall well-being, and they provide something extra—above and beyond everyday work responsibilities.

At Domino's Pizza, Inc., headquartered in Ann Arbor, MI, with 3,700 national and international units, special events for employees are both frequent and elaborate. According to Ron Hingst, spokesperson for Domino's,



contests in particular have been enthusiastically received among company employees. "Our ultimate goal, when sponsoring events, is motivational," he says. "Contests, involving either overall performance or specific tasks, give employees something to shoot for."

Hingst describes a popular Domino's contest which pits pizza makers against one another to determine who has the fastest hand at making pizza. Appropriately dubbed "Two Tray Time" (each contestant prepares two trays of pizza dough), the contest features local, regional and national competitions. Travel opportunities and an assortment of prizes for contest winners motivate employees to participate in the contest. Another Domino's program promotes a "Driver of the Week," in which pizza deliverers compete against one another for best overall performance as determined by unit managers. Again, the competition is local, regional and national, with the national "Driver of the Week" winning a trip to the Indy 500.

At Phillips Seafood Restaurants, seasonal employees participate in sailboat regattas, clam bakes and waiter/waitress races—all sponsored by the company. "We even have an employee Christmas party—on July 25," says Suzanne Jackson, "complete with a Christmas tree and Santa Claus."

And at Times Enterprises' Hard Times Cafes, the company occasionally treats staff to professional sports events and sponsors outdoor picnics, staff football games and chili cookoffs.

Rewards and bonuses. Rewards and/or bonuses for outstanding work

are some of the most-valued employee benefits.

"In some ways, recognition through rewards means more to people than money," says Wendy Petty, public relations director at the Dallas, TX-based El Chico Corporation with 106 El Chico units in 11 states. "Employees expect a paycheck. They do not expect a pat on the back from the CEO or an award ceremony in their honor. El Chico's benefits policy is set up to give employees the unexpected."

At El Chico, employees are not only rewarded for outstanding performance, but they are also recognized for loyalty to the company. Ten, 15 and 20-year veterans of the company are given ruby, emerald and diamond pins, respectively. After that, the rewards are personalized to the employees' tastes. "All longtime employees, from dishwashers to managers, are recognized in this manner," explains Petty. "A gold and diamond watch was recently given to a cook who has been with El Chico for 40 years." Performance awards are equally elaborate. The company awards gifts of cash, trips and even company stock.

Josef Ratzsch, owner of the Fox & Hounds Restaurant in Hubertus, WI, rewards employees at the end of each fiscal year for a job well done. "I give my outstanding employees cash bonuses based on how well we did that year," he explains. "I enjoy handing the bonuses out personally—it gives me an opportunity to say 'thank you.' My employees feel uplifted, and I feel like Santa Claus."

Ratzsch also likes to surprise employees with unexpected benefits. He recalls a particular chef who kept putting off his vacation. "He was simply working too hard," says Ratzsch, "so we finally sent him off to Hawaii for a week." A more typical gift might be an overnight or weekend stay in Milwaukee, with Ratzsch picking up the tab.

In sum

As the labor shortage continues to grow, the value of a benefits program that attracts and maintains qualified personnel cannot be underestimated. The number of benefit options available ensures that any operation, even those with limited resources, can develop a program that benefits both the operator and the employees. □



by Kathy Boyle

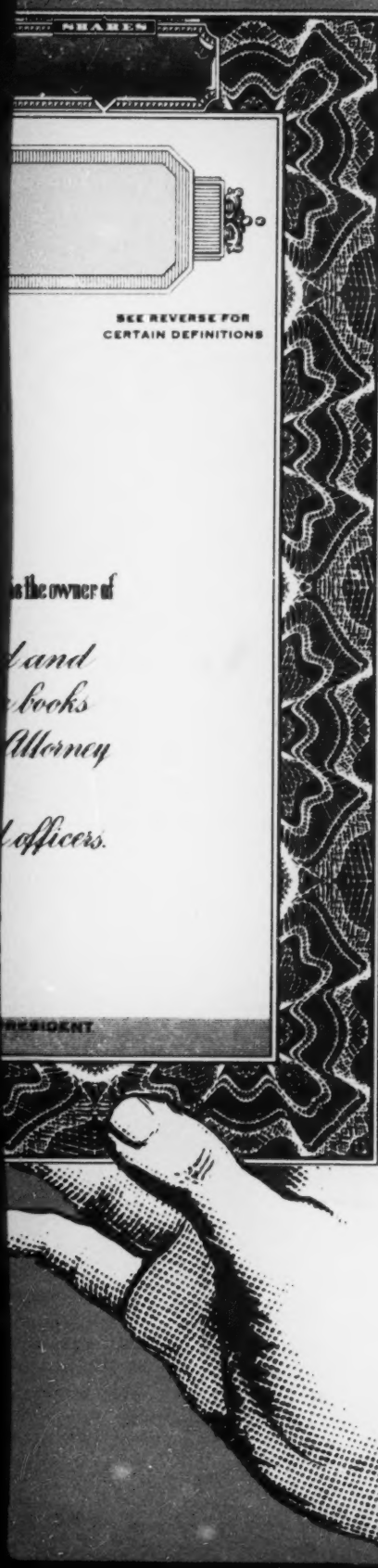
Giving Employees a Share of the Business

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SECRETARY



When William Miller III, president and owner of Miller Enterprises, Inc., which operates the Duck Inn in Virginia Beach, VA, instituted his firm's profit-sharing plan, he admits it was largely for selfish motives. "It was a selfish move because the business runs better when employees have a stake in the business," Miller contends. "It has made a phenomenal difference in the attention employees pay to the operation; it has cut down on expenses in every department, and it makes me more comfortable when I'm away from the restaurant. I know I am leaving the restaurant in the hands of people who care about the business."

Until Miller took over the business in 1981, there were bonuses at the end of the season but no long-term incentives for the restaurant's 35 full-time employees (125 during the summer peak). Miller decided to institute a profit-sharing plan, and he contributed \$20,000 the first year from the business's profits. Because it has proven to be so successful, the company's plan has grown steadily; an average of 25 percent of profits now goes into the plan each year.

Miller is not alone in the restaurant industry in his commitment to profit-sharing as both a vehicle for putting aside some money for key employees and as a valuable motivator. But the foodservice industry does lag behind other industries. According to a 1985 compensation and benefit study by Laventhol & Horwath for the National Restaurant Association, 17 percent of restaurants have some form of profit-sharing. This compares with about one of four manufacturers, one of three retailers and wholesalers and nearly 40 percent of all banks.

Strong benefits

Companies using a profit-sharing plan have found that it has resulted in measurable benefits, such as a decrease in absenteeism, tardiness and turnover, and an increase in productivity, employee interest and effort.

- **Increased morale.** Experts re-

port that profit-sharing increases the feeling that the employee is needed, which often makes companies become more profitable. During tight times, that sense of ownership serves as an incentive for employees to work more efficiently to make the company more competitive since profit-sharing contributions will not be paid when companies are losing money.

Profit-sharing also encourages acceptance of change and new technology and, in fact, any action that might increase profits. It also promotes teamwork among employees, management and stockholders by providing a single target for unified attention.

For Eat/N Park Restaurants, a 45-restaurant chain in western and central Pennsylvania, the profit-sharing plan is part of an overall corporate philosophy. "We definitely feel the plan increases morale," notes David L. Wohleber, vice president of finance.

□ **More informed employees.** A profit-sharing plan can make both managers and hourly employees more informed about the business and about the way internal changes, such as productivity improvements, and external changes, such as inflation or interest rates, affect a company's performance. In this way, everyone can search for ways to improve company performance. "We meet with our management staff annually to discuss the plan in detail, and we keep our hourly employees advised of any changes in the plan through our company newsletter. We also tell employees how the plan is doing through an annual memorandum of performance," says Wohleber.

Even smaller companies open up the books when they have profit-sharing. "Although we are a small, family business and a closely held corporation, we share all our information with employees," says William Miller. "We have our financial statements freely available."

□ **A retention tool.** Rob Burns, director of human resources for Peasant Restaurants, Inc., an 11-restaurant chain headquartered in Atlanta, GA, views his company's four-year-old profit-sharing plan as an extremely good retention tool. "The statement employ-

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ees get each year, showing their share of the profits, tends to support the 'career' aspect of their job," explains Burns. He believes employees are motivated to stay with the company because of the plan. "For example, employees see that they have \$10,000 accumulated in the plan," says Burns. "Because of the vesting schedule, say \$4,000 of this sum is theirs. They see the value of staying on a few years to receive all the money."

□ **A recruiting tool.** Burns maintains that the profit-sharing plan also makes recruiting easier, especially in those cases where he is competing against larger restaurant companies for the same people. "For a stable, successful company, profit-sharing is a real necessity," he concludes.

Three types of plans

Basically, there are three types of profit-sharing plans: deferred, cash or combination. In a deferred plan—used by 80 percent of the Profit Sharing Council of America (PSCA) members—employees place contributions in a trust, which is invested on their behalf. Typically, there are no substantial payouts until termination, retirement, disability or death. The advantage of this plan is that taxes on the profits are deferred until the year in which they are withdrawn.

In a cash plan, the employer's contribution is paid to participants at stated times, usually annually, but occasionally more frequently. This plan is usually referred to as a bonus plan. With this plan, the employee must pay taxes on the income in the year it is received.

In a combination plan, the participant receives a portion of the employer's contribution regularly, as in the cash plan, and the remainder is deferred.

Most restaurant profit-sharing plans are deferred. A typical plan is the one found at Pisan's (250 seats) and Porta Bella (150 seats), both in Madison, WI. The profit-sharing plan covers all employees who work 1,000 hours a year and are at least 21 years old. In this particular plan, employees cannot draw out money until they are on the job three years (the average employee stays 2½ years). According to Edward Shinnick, co-owner of both restaurants, after three years of employment, the

employee is eligible for 30 percent of what is in the account (10 percent for each of the first three years). It takes 10 years to be fully vested.

Shinnick explains that the profit-sharing plan "is an added fringe benefit for full-time people," some of whom he has employed for 30 years. The percentage Shinnick contributes varies each year, depending on the profits. Then, the contribution is divided among the employees. A set sum is generally distributed, based on a proportion of each employee's salary. (For example, \$100,000 may be divided by giving all employees five percent of their salary.)

Employees match profit dollars

Some companies make profit-sharing a "shared" responsibility, asking employees to match company funds. John Herbkerrmann, benefits communication specialist for Marriott Corporation, headquartered in Bethesda, MD, explains that for every dollar employees put toward their profit-sharing plan, Marriott puts in \$1.50. Marriott's Profit Sharing, Savings and Retirement Plan is what is commonly known as a 401(k) program (after the IRS regulation number from which it is taken). Like other deferred plans, the monies are put aside until the employee leaves the company. The only difference is a certain limit is imposed on the amounts to be set aside (in Marriott's case, a \$7,000-limit per year or 10 percent of salary), and the plan must regularly meet non-discrimination formulas so that all employees benefit equitably.

In Marriott's plan, employees are free to manage their profit-sharing monies as they wish and have a say in how their monies will be invested. According to John Herbkerrmann, "There is a safe, low-rate-of-return fund with a fixed, comfortable rate of return, and there are other riskier funds with widely fluctuating returns, some of which have earned up to 45 percent in one year." The plan is offered to all of Marriott's employees who are at least 21 years old and have at least one year of service. It takes 11 people in the administration department to manage the plan, not including the professional money managers. Under Marriott's plan, the employee fully owns the company contributions in 15 years.

Setting up a plan

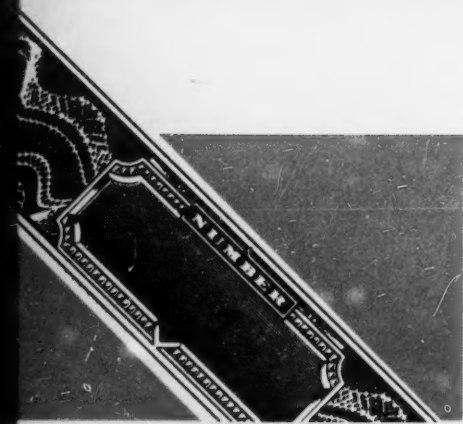
When setting up a program, shop around at several banks, brokerage houses and retirement-planning firms and compare their presentations. These organizations usually invest the plan's money, can guarantee a rate of return and provide annual or quarterly statements for employees.

Of primary concern when setting up a plan is to make sure the plan's eligibility requirements do not discriminate against certain employees. It is standard, however, to require 1,000 hours of employment and 21 years of age as eligibility requirements.

Although a set amount does not have to be set aside in profit-sharing, the plans should meet with Internal Revenue Service (IRS) approval. This means developing the

Smaller companies choose profit-sharing

According to the Profit Sharing Council of America (PSCA), Chicago, IL, in recent years a good many entrants into the profit-sharing arena have been smaller companies with no pension plans. "In fact, it is a small company phenomena," says PSCA president Walter Holan. These firms have set up profit-sharing plans as both a retention incentive and as a source of employee retirement income. The beauty of a profit-sharing plan, Holan says, is that,



plan, usually with your attorney and accountant, and then taking a copy of the plan to the local IRS office. IRS replies by letter that the plan looks fine or suggests amendments.

Effect of new tax laws

According to restaurateurs who have looked at the effects of the new tax laws on profit-sharing, the profit-sharing plans will remain basically intact. Some of the new rules, however, will limit the amount of contribution and the employee's ability to utilize the money before leaving the company. Previously, employees could take loans against the amount in their profit-sharing account. Under the new law, there are stricter rules regarding loans. This is only one of many suspected changes in use of profit-sharing plans. Because the IRS is still writing regulations to interpret the new tax law, the full effects of the law are not yet known.

unlike a pension plan, a set amount does not have to be set aside each year. If profits are low, a decision may be made to set nothing aside or perhaps a small amount. With a pension plan, however, a predetermined defined commitment of money must be set aside each year, regardless of company performance. "Many small or new companies often institute profit-sharing plans because they have not yet established the earnings pattern required as a basis for the fixed commitment of a pension fund," Holan explains. "It fits their management needs, and it acts as a motivator."

According to Herbkerrmann, the purpose of the plan is a strategy to reward long-term employees: "Twenty years down the line, they'll have a comfortable income. Marriott's philosophy is if we keep the employees happy, the employees will keep the customer happy."

Employee stock-ownership

Employee Stock Ownership Plans (ESOPs) are another popular way to share business profits with employees. The surge in popularity of ESOPs grew in the early 1980s due to a tax credit for the plans. According to David Binns, executive director of the Employee Stock Ownership Association, Washington, DC, the new tax law maintains the original incentives for ESOPs and adds a few more. Not all ESOPs are profit-sharing plans, however. In a typical ESOP, money is invested for an employee in a diversified portfolio of stocks. "In a profit-sharing ESOP, however," explains Binns, "the money is invested mostly in the sponsoring company's stock, and employees are indeed owners of their own company." According to Binns, the plans work similarly to other profit-sharing arrangements in that a defined contribution is not required each year. "Instead, the contribution is based on the performance of the company," says Binns. "For successful companies in recent years, this has been a contribution of between seven and 10 percent of profits."

Binns points out one particular incentive for setting up an ESOP. "This incentive is very good for small business owners who want to get money out of their company but who do not want to sell the whole company," explains Binns. In the arrangement, if the primary owner sells at least 30 percent of the company stock to an ESOP and reinvests the money in qualified replacement property (stocks or bonds of domestic U.S. corporations) within one year, the owner pays no taxes on the sale. Instead, he or she is taxed only when the replacement stock is sold. Binns elaborates: "Say the owner has a company valued at \$1 million. He can borrow \$300,000 at a bank so that the ESOP can buy out 30 percent of the stock. Then, the ESOP repays the loan out of future company earnings, say \$100,000 a year over the next three

years. Employees end up beneficiaries at no cost to themselves."

Some companies, such as the Marriott Corporation, take a different approach to an employee stock-purchase plan. In addition to their 401(k) plan, Marriott employees are given an opportunity to buy company stock at an attractive price. According to Herbkerrmann, employees can opt to have a percentage of their salary (from five to 10 percent) withheld during the year. At the end of the year, they can purchase Marriott stock at either the closing (end-of-the-year) price or the opening (beginning-of-the-year) price, whichever is lower. Employees then can keep the stock or resell it after owning it for the time required by law.

Include other incentive programs

Experts say it is often advantageous to operate performance reward systems in addition to profit-sharing because multiple programs permeate the organization with an incentive philosophy. Several incentive hierarchies can complement and reinforce each other and together meet the diverse motivational needs of employees. One example of a complementary performance/reward system operating alongside profit-sharing is William Miller's monthly bonus plan for managers who reach pre-established goals. "We set a budgetary base, and, when we exceed goals," says Miller, "a rather nice bonus goes to the person. The same kind of program was also instituted for servers, called a 'special appreciation bonus,' where every two weeks a server is singled out for doing a good job." Similarly, Miller runs motivational contests, such as those aimed at selling the most desserts or appetizers. Miller notes, however, that an operator must be careful to identify a prize for the nighttime crew and one for the daytime crew, so all employees are judged fairly.

In sum

Profit-sharing is only one of several types of employee benefits, but it is one that many owners feel yields strong dividends. With profit-sharing, employees seem to be willing to work a little harder, stay a good bit longer and look for ways to save the company money. □

A Legal View of Employee Benefit Plans

An employer is not obligated by federal law to provide any type of accident, health, life insurance or pension benefits to employees. Once the employer establishes a plan providing such benefits, however, the plan is regulated, to some extent, by federal law.

Employee Retirement Income Security Act

The principal law regulating pension plans and employee welfare (including health) plans is the Employee Retirement Income Security Act (ERISA), 29 U.S.C. § 1001-1461. ERISA requires that the administrator of the plan (or the employer if there is no administrator) furnish to each participant and beneficiary receiving benefits under the plan a written summary of the plan and all modifications as well as certain other information filed annually by the administrator or requested by the participant or beneficiary.

If an employer offers a pension plan, ERISA also requires that all employees at least 25 years of age and with at least one year of service must be eligible for pension participation. A year of service is defined as 1,000 hours of service during a 12-month period; most employers tend to use this figure as a dividing line between full-time and part-time employees.

The law does not regulate pension benefit amounts or terms except to mandate certain "vesting" rights. The Tax Reform Act of 1986 (Act) makes significant changes in those rights. Either all benefits must vest after five years of service, or there must be a 20-percent vesting after three years of service, increasing 20 percent each year with full vesting after seven years of service. Multi-employer plans may use a 10-year vesting. Plans may require two years of service before employees become eligible if they are immediately 100-percent vested. Generally, the new vesting requirements become effective for plan years commencing in 1989.

Tax considerations

The Internal Revenue Code of 1954, as amended, requires that each year pension plans satisfy certain non-discrimination rules. If the plan fails to

do so, the plan loses its status as a qualified plan. Highly compensated employees are taxed on their accrued benefits, and the employer loses the tax deduction.

The Act retains the basic provisions of the IRS Code, but it changes the coverage tests and minimum participation rules for pension plans. In addition, the Act adds non-discrimination rules for accident or health plans and group term life insurance plans. In general, if the health or insurance plan is discriminatory, highly compensated employees will be taxed on the discriminatory part of the benefits. The Act does not, however, provide for the loss of the tax deduction.

The effective dates vary for the changes to the non-discrimination rules for pension plans and the new non-discrimination rules for accident or health plans and group term life insurance plans. Therefore, if you have any such plan or are contemplating establishing one, you should consult with your insurance carrier and tax advisor.

Required health plan continuation coverage

A new federal law, effective for plan years commencing after June 30, 1986, allows continued coverage under employer-sponsored group health plans for "qualified beneficiaries" of "covered employees." Qualified beneficiaries include

1. spouses and dependents of deceased, divorced, separated or Medicare-eligible employees and

2. children who cease to be covered as dependents under the plan.

A covered employee includes either an active employee or a former employee who was covered by a group health plan. Continuation coverage for the above beneficiaries is required for three years from the date of the covered employee's death, divorce or legal separation.

Additionally, employees who may lose health plan benefits because of termination or a reduction in hours of employment are eligible to receive health plan benefits for 18 months. Such coverage is allowed for both voluntary and involuntary terminations, but no coverage is required if

the termination occurs because of an employee's gross misconduct.

Coverage must be identical to the benefits provided under a health plan to similarly situated beneficiaries immediately before the death, divorce or separation of a covered employee. Continuation coverage is not required for those employers maintaining health plans who, during the preceding calendar year, employed fewer than 20 employees on a typical business day.

Cost of coverage

Employers are permitted to charge beneficiaries a premium not to exceed 102 percent of the applicable premium for any period of continuation coverage.

Notice and election requirements

The employer must notify the plan administrator within 30 days after an employee's death, termination of employment, reduction in hours or entitlement to Medicare benefits. Each covered employee or beneficiary is responsible for notifying the plan administrator of any change in family status (separation, divorce or child becoming ineligible due to attaining majority).

Following such notice, the plan administrator has 14 days to notify beneficiaries of their rights to elect continuation coverage. Notice by mail to the beneficiaries' last-known address is adequate. A penalty of \$100 per day is provided for plan administrators who do not send timely notices to participants and beneficiaries.

Beneficiaries may elect coverage within 60 days of the death, divorce or legal separation of the covered employee.

No continuation coverage is required after (1) the beneficiary fails to make timely payment under the plan; (2) the beneficiary is covered under another group health plan as a result of employment, re-employment or remarriage; (3) the beneficiary becomes entitled to Medicare benefits and (4) the employer-provided plan ceases.

—Dick Johnson
from the Legal Problem Solver
for Foodservice Operators published
by the National Restaurant Association

In the restaurant world, where individuals often see jobs as temporary positions, easily left when something new comes along, keeping an employee for more than one year is considered good luck. But is it really luck? Waitresses at several restaurants around the country believe that a restaurant needs more than just good luck—or even good tips—to keep a stable waitstaff. They point to intangible feelings of belonging as the most important reasons for staying.

by Linda Nichols Durling



Eleven years ago, 17-year-old Jennifer Salter walked into Paisan's, a 200-seat Italian restaurant in Madison, WI, and applied for her first job as a full-time waitress. She got the job.

Today, Salter is still at Paisan's. She admits the tips are good, but that is not the only reason she stays. Salter says she stays because the management and staff at Paisan's feel like family. This family feeling makes her—and other members of the staff—loyal to the restaurant.

"Paisan's feels like my second home," says Salter, the mother of two. "The managers at Paisan's work to build a close-knit family feeling among the employees. They treat me well. They're concerned about me, and they respect me. They make me feel like I'm important."

Feeling important

The feeling of being important to a restaurant and to management is an intangible quality that many servers value highly. It is a benefit that will keep a server at a restaurant even if slightly better tips are available at a restaurant just around the corner.

Barbara (Cookie) Lollar has worked at Barnaby's, a 170-seat "publick house" in Wheaton, MD, for almost eight years. She stays because she cares about the people she works with. "I could find good or even better tips closer to where I live (33 miles away), but you have to take the overall job into perspective," she says. "Jim and Geoff (the co-owners) are so compassionate. . . . They want you to work there. That makes you enjoy working there."

Management can foster a family feeling among staff in different ways. But one important way, many servers agree, is to treat employees as individuals. This often translates into recognizing that servers have lives outside the restaurant.

Flexible scheduling

According to most servers, flexible scheduling is vital to building their loyalty. Terry Charping, a waitress who has worked at the 90-seat Hard Times Cafe in Alexandria, VA, since it opened six

years ago, says she has stuck around—even when the tips were meager—because of the sensitive scheduling.

"You hand in the hours you want, and they (management) schedule around them. They literally spend hours working on the schedule," she maintains. That kind of flexibility is unusual—and appreciated, Charping says.

Cookie Lollar agrees that flexible scheduling is one reason she likes working at Barnaby's. "They (the managers) don't wear you out; they give you good schedules. They realize you have your own personal life outside your job, and they encourage it. They realize if you're happy at home, you're going to be happy on the job," she says.

Caring for the server's personal life

But adjusting schedules is not the only way to show concern for the server's personal life. Taking an interest in the server's family and health also creates bonds.

Pat Meeks, who has worked for 18 years at Lord Fletcher's, a 400-seat restaurant in Spring Lake, MN, says one reason she loves working there is that "we're like family. Alan Bell (the manager) knows our children—our grandchildren now," she says. "We can talk one-on-one. He listens—lots of people won't."

Helen Otterson, who has also worked at Lord Fletcher's for 18 years, agrees. "The management is very caring. When I had a heart operation,

Restaurant managers echo server views

Not surprisingly, restaurant managers who have low waitstaff turnover share common management practices—practices that demonstrate to employees that they are seen as individuals. These practices are also similar to those mentioned by long-time waitresses as underlying their loyalty to a restaurant.

■ Take, for example, Geoffrey O'Neill, co-owner of Barnaby's, a "publick house" in Wheaton, MD. O'Neill, like his veteran waitress Barbara Lollar, believes that trust and respect are essential factors in keeping a good waitstaff happy.

At Barnaby's, trust and respect are part of everyday life. "We trust our employees. A lot of restaurant owners would consider us naive and stupid, but employees prefer to be trusted," says O'Neill. "Generally, they are honest—if you don't give them a reason to steal, they won't."

■ Alan Bell, manager of Lord Fletcher's in Spring Lake, MN, agrees that trust and respect are important factors in keeping a good relationship between staff and management. He says he is willing to take advice from his servers because he respects their opinions. Waitresses out on the floor, he says, often notice things that he might miss. He adds that he is always willing to listen to their ideas.

"You can't be rigid in life," Bell notes, "and you can't run a place rigidly either. If you run a place like that, you won't keep people. What one day is as right as right can be, the next day won't be right. You have to change with the times."

Managers find that another way to build loyalty is to show staff that the manager is willing to do the same work. A manager that pitches in when the going gets tough is a manager that communicates to his staff, "We're all in this together."

Alan Bell has found that technique useful. "I've been a manager at Lord Fletcher's now for 10 years. I never believe in managing from an office. When there are people around, I look. . . . I'll jump in (when someone needs help)."

■ Barry Thompson, co-owner of Hard Times Cafe in Alexandria, VA, says the restaurant has many of its original staff. Thompson says he has seen the benefits of creating what he calls "a family-type environment." He has not only a stable staff but, in his words, a "dynamite staff."

Thompson sums up his theory of keeping waitstaff happy this way, "It's kind of a bottom-line thing. If you create an environment that makes people feel comfortable, they stay longer."

Linda Nichols Durling is an intern at Restaurants USA.



Judith Heinz, center, and Terri Charping, right, serve up some chili at Hard Times Cafe in Alexandria, VA.

Alan asked about my health. He likes us. He lets us know we're important."

When Otterson could no longer waitress for health reasons, she was given a job as a coat checker and a waitress assistant. She appreciates this kind of support.

"A little room to be human beings"

Perhaps just as important—if not more so—is demonstrating a trust in and respect for employees. For example, waitresses say they appreciate managers who show tolerance when mistakes are made.

Judith Heinz, a waitress who has worked at Hard Times Cafe for nearly six years, says she appreciates her managers' patience. "They (the managers) are very humanistic. It's easy to freak out when you're under pressure like this, but they allow us a little room to be human beings. They're tolerant," she says.

Pat Meeks of Lord Fletcher's says that she appreciates a manager who listens to both sides of a conflict, especially if the disagreement is between a server

and a customer. Meeks says her manager's fairness has kept her loyal. "Lots of times you cannot discuss things with a manager; nine out of 10 times his eyebrow goes up. But Alan gives us the benefit of the doubt; he trusts us."

Another way of showing trust and respect is to not hover over employees, says Nancy C. Cohen, who has worked as a waitress at Juniors, a 210-seat deli in West Wood, CA, for five years. She says the management at Juniors supports the waitstaff without being overbearing.

In some restaurants, managers go a step further. According to Judith Heinz, managers at Hard Times Cafe show they trust and respect waitstaff because they really listen to what the employees have to say. "When the managers intend to change something about the restaurant, they ask us what we think. They come in and ask, 'Will this work?' And they really listen to what we have to say," explains Heinz.

And their concern is genuine, she adds, because they often extend a helping hand. "I've worked in restaurants where managers sit down at

lunch and you wait on them, and they act like jerks," she says. "But Hard Times' managers aren't like that. A lot of managers at Hard Times have experience in the business, and they understand what it's like on the floor. If we're behind, they help us. They're actively involved in the restaurant," she adds.

In sum

Servers agree that managers who treat employees as individuals, by respecting their lives outside work and demonstrating respect and trust, not only will have more "luck" keeping a stable waitstaff, but they may also find that their staff is more productive.

Some waitresses say they try harder when they care about the boss and the boss cares about them. "We like the people we work with," Pat Meeks says. "We want to do well for them. When you like the people you work for, you don't mind working hard. If you don't like them, you'll slack or drag your feet," she says. Lollar concurs, "When you're treated like a kid, you want to act like one. When you're treated like an adult, you give it all you've got." □

YES

by Barry Wine

In my opinion, tips have stopped being a reward. Customers leave a tip no matter what. In the New York fine dining restaurant economy, tips between 15 and 20 percent are standard. Customers leave that regardless—particularly if they intend to go back to the restaurant.

We started using the service charge system in our new restaurant called The Casual Quilted Giraffe when it opened last summer. We were so happy with the way it worked that we started using it two months later in our original restaurant, The Quilted Giraffe.

A service charge is different from a fixed gratuity. There are some restaurants in the United States that set the amount of the tip at 15 percent, 12 percent, 18 percent or whatever. They put that amount on the bill, perhaps because they are concerned the customer will not leave enough. That system simply tells the customer how much to tip.

We don't do that. Our 18-percent service charge is revenue that belongs to the restaurant. The restaurant, in effect, does with that money as it pleases. We pay income tax on it. We charge the customer sales tax on it. And all the people in the restaurant benefit from that source of funds—not just the waitstaff but busboys, chefs and other staff as well.

A fixed service charge eliminates any concern about the shift worked, the section of the dining room serviced, the days worked and the customers waited on.

In our restaurant, good service incentives come from managers who demand great service just for the sake of great service and not for the sake of a larger tip. Although the service charge does place an added burden on management to make sure the service is worth 18 percent, we have not had any problems with our service. Very simply, we demand excellent performance from our waitstaff no

matter what the tipping system is.

Reducing the personal financial incentive that comes from tips is particularly important at The Casual Quilted Giraffe where we want to encourage the idea that it's a place for customers to drop in and eat as much or as little as they want. We did not want the waiters to have the personal financial incentive to push a more expensive wine or encourage someone to order five courses instead of three.

System creates professionalism

Another major reason for developing this system was to create the concept of waitstaff professionalism. We want to encourage our staff to act as professionals and to treat their jobs as re-

Quilted Giraffe the staff seems to love the system.

Another potential drawback is the psychological impression made on customers. At the moment, when customers get the bill in our restaurant and the service charge is already there, they sometimes get the impression that the restaurant is more expensive than it really is. In a typical restaurant, they get the check and say, "Oh, \$70." But by the time they are finished with their credit cards, they've made it \$85. In our restaurant, customers get that \$85 bill right from the start.

Positive customer reaction

Customer reaction has been very positive. I have found that less than one percent of our customers have

Fixed Service

Current congressional debate on adding employee's tips to Social Security: Should you maintain a tipping system left to the market? It is as much a question of philosophy as one of procedure.

sponsibly as would a lawyer or a banker. We want them to understand that they have a \$25,000-a-year job and that they are going to get a weekly \$500 check whether it rains or snows, whether the World Series or the Super Bowl is on, whether they work lunch or dinner or whether anyone sits in their section.

Another plus is the benefits we are able to offer. This idea goes along with the whole concept of developing a professional job image for the staff. It is our perception that employee benefits should be financed out of the service charge fund. Consequently, we have, unusual for a non-union restaurant, paid sick and vacation days and pension, profit-sharing, medical and dental plans. The benefits kick in after six months and keep our turnover down.

Potential drawbacks

The take-home pay in a set salary system does not always seem to be as great a reward to a waiter who is used to receiving tips. I would say that is our biggest stumbling point at the moment. It has been quite clear, however, that salaries can be high enough to be competitive. At The

commented on it negatively. Those that have are generally not concerned with the system or the actual percentage, but rather with the idea of not being able to be a "big spender." They're the type of customer who thinks slipping the waiter a large bill will get faster/better service.

We have also tried to avoid negative customer reaction by clearly explaining the system upfront. To avoid any confusion, our menus and checks include this printed statement, "An 18-percent service charge will be/has been added to your check. No further tipping is expected."

If someone wants to leave an extra tip, we allow them to. But if they leave an amount of money that makes it look like they didn't understand that the service charge was included, the waiters are instructed to go to the customers, tell them and offer the money back.

For example, when we fill out charge card vouchers, we cross out the word tip and fill in that line with the 18-percent service charge. Since most customers pay by credit card, it's very clear to them that no tipping is expected.

Barry Wine is the chef/owner of The Quilted Giraffe (60 seats; \$140 average per-person check) and The Casual Quilted Giraffe (90 seats; \$40 average per-person check) in New York, NY.

NO

by Thad Eure

I very much favor the tip system; it's a part of the American work ethic. Although service charges have been prevalent in Europe for years, trying to adopt that system in our country would mean changing values we have had since childhood.

I can't think of anything better than a system which rewards performance, and that's what tips do. It tickles me to death to see people tip 20 or 25 percent because it means they were very pleased with the service. And I

very desirable for customers. For instance, the dining room service charge may be going to the stockroom. To be sure, the stockroom personnel play a part in the overall operation, but the terms "waiter" and "waitress" mean that these people wait on the customers and see to their needs. They are the ones doing the actual serving; they are the ones customers should be able to reward as they see fit.

A valuable incentive

A service charge puts all the staff on the same level. It spoils the incentive for someone to excel. I doubt many waitpersons would worry about doing anything more than they had to do if they didn't get tips. Tips are a strong

they know they have the opportunity to "work up" to better stations and better tips. That, in itself, is an incentive for servers to improve their skills.

Training is key

We spend a lot of time training. We have a list of 41 minimum standard server responsibilities, such as bring fresh water between courses, empty ashtrays, etc. We tell our staff these are the minimum things they have to do to earn a standard service tip.

Our waitstaff are salespeople; they are not what I call "toters." They don't just "tote" menus, beverages and checks; they "sell" the restaurant's hospitality. For instance, we have found that training staff to promote items is a good way to boost the check average as well as the tip. Servers don't push items in an overbearing way, of course. The idea is to politely suggest them. After all, customers may not even think of trying something unless the waiter brings it to their attention.

Service charge may work for some

Service charges may work for some restaurants, particularly the more expensive operations. For instance, with an \$80 or \$100-per-person check average, the tip amount goes up pretty quickly. Consequently, people may not tip the complete percentage because the meal is already fairly expensive. In that case, management may want a fixed charge to ensure that servers are paid fairly.

With a lower check, say of \$20 or \$25, people probably have a tendency to leave a higher percentage. Our per-person check averages \$26. It's not uncommon for people to leave a \$5 tip for a \$20 meal, and that is a 25-percent tip. So a fixed service charge might actually underpay our staff.

Not for us

While a fixed service charge may be appropriate for some restaurants, I don't think it would work in my operation. Yes, the system works well in Europe, but I can't see changing the traditional American service philosophy. And that's what it would take to make it work here in the U.S. □

Editor's note: Because laws may vary from state to state, consult your local regulations and your attorney before implementing a fixed service charge program.

e Charges?

payments (see *Washington Report*) may cause many operators to rethink owner's discretion or add a fixed service charge to the customer's check? Here are opposing views by two well-known restaurateurs.

want to know when someone gets a small tip because the customer is telling us that he didn't get good service, and we can then remedy the situation.

Customers can choose

Most people like the idea of deciding how much to tip. That's the key to tipping—it's a voluntary decision based on the service received. I don't like to see a customer leave a tip when he or she hasn't been served well. In my mind, that defeats the purpose of the tipping system. Tipping should never be a habit. It should be a discretionary decision by the customer.

A service charge can be divided any way the management chooses. It can be handled very subjectively. If restaurateurs need extra money to pay additional bills or the people in the back of the house, I would prefer they simply charge more upfront.

I don't think a service charge is

motivator: The staff knows that if they are not on the ball—courteous, polite, friendly and hospitable—their customers may leave a poor tip.

It thrills a customer when he or she sits down and the waiter or waitress automatically brings them their brand of beer, cocktail or bottle of wine. That impresses people. If you are entertaining a guest, and the waiter comes over and says—"How are you tonight, sir? Here is your cocktail, and what may I get for your guest?"—it makes the customer feel like he is "somebody" in the restaurant. That is what people want.

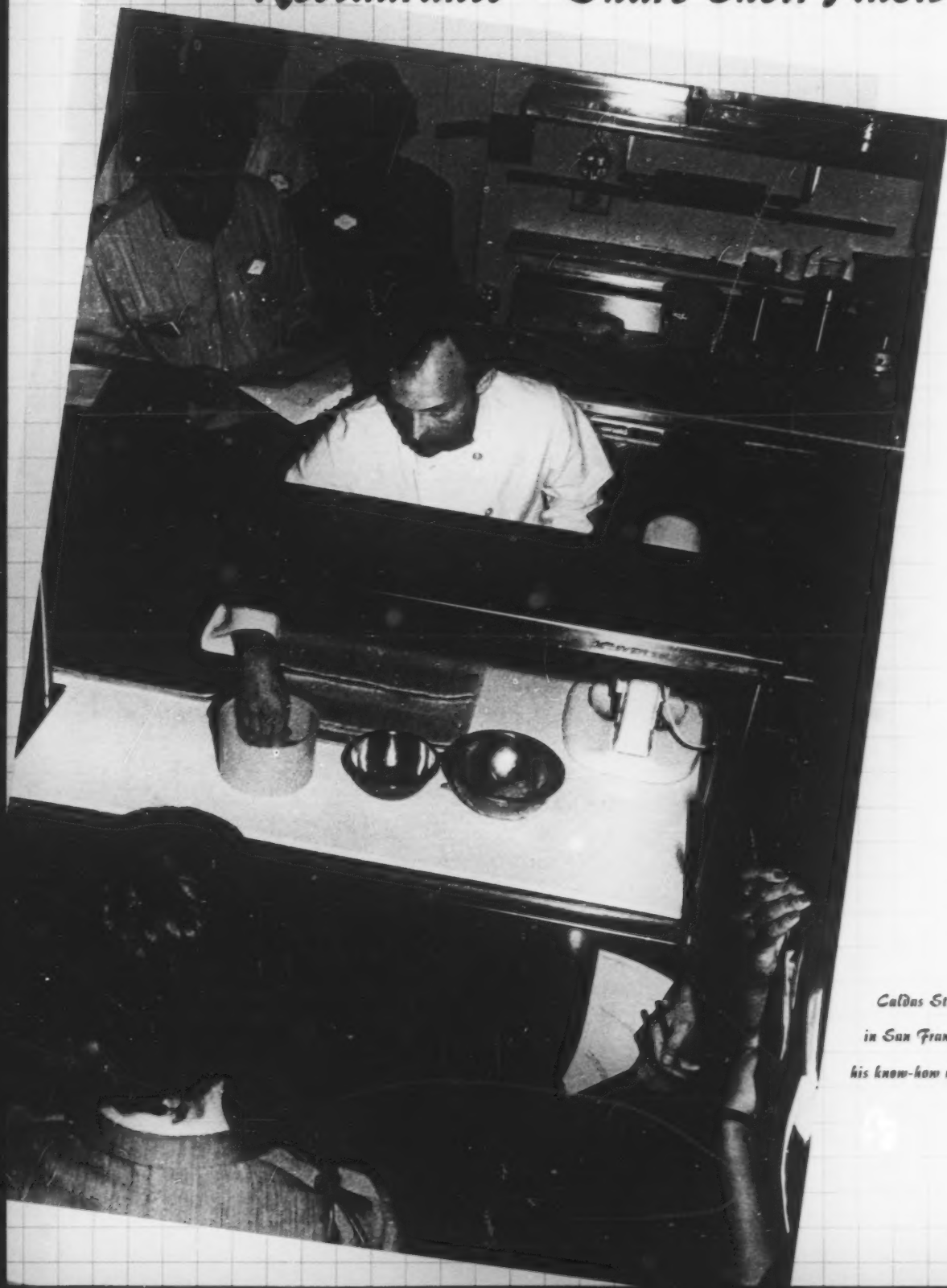
And it is to the servers' advantage to foster this type of attitude because they would like the customer to ask for their station the next time they come in.

We honor customers' special requests for specific waiters, but that doesn't mean we have a problem with competition among the staff. In our restaurant, staff are assigned stations based on their capability to look after the station. Some stations do more business than others, and the better servers are assigned the tougher stations. If people are inexperienced, we give them fewer tables. But

Thad Eure is president and owner of the Angus Barn Restaurant (550 seats; \$26 average per-person check) and partner in Fat Daddy's Market and Grill, a three-unit, semi-self-service, gourmet hamburger operation in Raleigh, NC.

Cooking Classes

Restaurants Share Their Know-how



*Calvin Stamenov, pastry chef at Masa
in San Francisco, CA, shares
his know-how with students.*

by Toni Lydecker

At nine o'clock sharp on a recent Saturday morning, a dozen students gathered in the kitchen of Printer's Row, a 110-seat restaurant in Chicago, IL, to watch chef Charles Weber make *oyster and spinach bisque*, *roast quail with cider sauce*, and *fig pudding*. They not only carried away neatly typed recipes for those dishes, but also learned such tidbits as these during two hours of class time:

- what that gray scum on top of stock is (excess blood and hemoglobin from bones) and why to skim it off (the stock could acquire a bitter taste),
- how to stuff and truss a quail to look "natural" and
- why a roux should be cold when added to a sauce.

This session was part of the "Grand Master Chefs of Chicago" culinary series that pairs students with different chefs for eight weeks. Although the classes, at about \$50 each, are on the pricey side, they sold out well before the starting date. More than 1,000 people have participated in previous series in San Francisco, CA, and Los Angeles, CA. Similar classes are planned for several other cities.

For amateur gourmets, the classes are as much entertainment as education. "People wouldn't go without a strong interest in food, but they also love to see the kitchens of well-known restaurants and to meet the chefs," says Wade Hathaway, assistant marketing director of the California Gourmet Society, which helps sponsor the series. About one-third of the students are restaurant professionals whose motivation is a little different—to learn the culinary secrets of some of the best chefs in town.

For a good cause

Although the Grand Master Chefs series was a success in San Francisco and Chicago, the format may not always work. Restaurateur Gregory Andro recalls the time a gourmet society in Phoenix, AZ, planned to charge \$40 a head for a demonstration by a nationally known chef; the event was can-

celled for lack of interest. "Phoenix is a funny town—if you charge too much for a cooking class, even for a celebrity chef, it may not come off real well," said Andro, who owns seven Gregory's Restaurants in Phoenix, AZ; Denver, CO; and San Antonio, TX.

A trained chef in his own right, Andro has found another formula that suits him and his audience—cooking demonstrations for local charities. Each participant pays about \$15 for the demonstration, an auction of items donated by local businesses and a luncheon with wine. A small percentage of the fee covers Andro's food and staffing costs, and the remainder goes to the charitable cause.

Several hundred people attend the demonstrations—far too large a number for the kitchen to accommodate.

Why offer cooking classes?

- To publicize the restaurant and its chefs
- As a favor to regular customers
- To communicate your culinary philosophy
- To get feedback from students (who may well be customers)
- As a community service or fund-raising effort
- To use kitchen facilities during non-peak periods and
- For the pleasure of teaching useful skills to others.

That is why Andro does his cooking on a camp stove in a banquet room. Any dishes that require baking are popped into the oven in an adjoining kitchen.

Andro will demonstrate any kind of recipe on request. Left to his own preferences, however, he will choose a half-dozen simple, homey dishes, such as *chestnut turkey stuffing* and *cherries jubilee*.

Sometimes an assistant or two join the demonstration, but they are usually chosen for attributes other than cooking skills. For instance, when Andro raised funds for the Scottsdale Foundation for the Handicapped, his assistants were a popular, local newscaster and the mayor of Scottsdale.

After the demonstration, Andro turns auctioneer—selling an assortment of goods ranging from frozen T-bones to a hotel weekend to the apron he wore during the show. During lunch, he circulates among the tables, chatting with guests and answering questions.

Rigorous, one-day classes

Although a majority of restaurants choose the demonstration format used by the Grand Master Chefs series and Gregory Andro, there are those who teach by student participation. It is generally accepted that students learn more by participating, but this technique may require investing in additional cooking equipment, and few restaurant kitchens can spare the space for students to have individual stations. Also, insurance to cover the contingency of a student being injured in the kitchen may be costly or unavailable.

Chef Allen's, a 78-seat restaurant in North Miami Beach, FL, is an exception to the rule. By bringing in students one at a time, chef/owner Allen Susser ensures close supervision.

The intensive, daylong session begins with instruction in choosing ingredients—how to identify a ripe pineapple or tell whether red meat has the right marbling and finish. Together, teacher and student then compose the restaurant's menu for the day, perhaps creating a special named after the student.

In the afternoon, Susser demonstrates culinary techniques, adjusting the degree of participation to the student's ability. "A student can learn a lot about grilling fish without physically turning the fish. For some people, just touching a fish before it's cooked is something new," says Susser. The student ends the day by working on the line for a few hours.

The price of the six-hour class, about \$100, hardly compensates for the inconvenience of having a companion in the kitchen all day. But Susser, who also teaches cooking classes on cable television, loves teaching so much that he does not mind.

And he mentions another plus of the classes: "After spending the day in our kitchen, students have total confidence in the food. They can't wait to tell friends they cooked at Chef Allen's. How can I get better advertising than that?"



*Students observe chef Lucas Gusco
at Umberto's in San Francisco, C.A.*

Promoting good health

At the cooking classes sponsored by Suburban Hospital in Bethesda, MD, there is no celebrity chef in sight. Instead, the five-week "Food Works" program shows students how to prepare healthful food in a no-nonsense way. One week the subject may be alternatives to frying; another week the focus may be the preparation of desserts low in fat and sugar.

Class size is limited to eight people who congregate in the hospital's Atrium Cafe-Restaurant after it closes in the early evening. Aided by the restaurant manager, a hospital dietitian teaches the class. Many of the dishes that are taught appear on the restaurant menu.

The upbeat tone of the classes sends the message that a low-fat, low-cholesterol diet is not necessarily cruel and unusual punishment. "That's reassuring to cardiac patients, who may fear their diet is so restrictive they'll never be able to go out with their

friends again. They learn that they can still eat well in restaurants," explains Sharon Griffin, director of the hospital's hospitality services.

The Wood Company, a foodservice management company in Allentown, PA, runs similar cooking classes in the kitchen of its corporate headquarters. Some students are referred by the company's healthcare clients, while others sign up on their own. In either case, the classes tie in with a total health program that may also focus on nutrition, weight control, smoking cessation or aerobics. "We consider ourselves leaders in wellness, and teaching people how to put together healthy but appetizing menus fits into that picture," says Richard Cipoletti, vice president of administration.

Outside your own kitchen

Seeing how the kitchen works is a key attraction of many restaurant cooking classes, but those restaurants serving three meals a day probably do not

have enough downtime in the kitchen to make cooking classes possible, unless students are willing to come in at midnight.

The physical layout may also preclude holding classes in a restaurant kitchen. Even the best-taught class cannot succeed if students must struggle to see and hear in the midst of noisy ventilation systems and cramped quarters.

Marcel DeSaulniers, executive chef and co-owner of the 85-seat Trellis Restaurant, Williamsburg, VA, offers another reason for teaching somewhere else: the opportunity to escape the work pressures of your own restaurant. He often takes a couple of staff members along to give them a breather from the normal routine.

Restaurateurs willing to teach in another setting can share the work of organizing a class with related businesses. Possible sites are department stores, cookware/kitchen stores and other restaurants.

Chefs with a flair for preparing fish often demonstrate one of their restaurant's signature dishes at the Chicago Fish House. No seating is provided for the free demonstrations, held each Saturday, but an overhead mirror gives a good view of the food and the teacher's movements from any point in the room. Students inspired to try a recipe can buy the ingredients on the spot. Best of all, the teacher need only conduct the demonstration, for the Chicago Fish House handles publicity and prints recipe cards.

Marcel DeSaulniers goes farther

afield for his cooking classes. He has done stints at the Broadmoor Hotel in Colorado Springs, CO, the Ahwahnee Hotel in Yosemite National Park, CA, and the Greenbrier Hotel in White Sulphur Springs, WV. Perhaps his most exotic site for a cooking class was a barge floating down a river in Burgundy, France.

In that instance, DeSaulniers had been scheduled to give a formal cooking class each afternoon to the 14 cruise passengers. However, problems, such as a lack of ice and the need to prepare meals for passengers, forced

him to "throw that game plan away." Instead, he asked guests to drop by the kitchen any time between 4:00 and 7:00 p.m. for informal observation.

Although the Trellis Restaurant specializes in light American cuisine with southern nuances, DeSaulniers often finds himself preparing other fare during his off-site teaching jaunts. Finding that Californians attending a culinary weekend at the Ahwahnee Hotel were eager to learn more about traditional dishes of Virginia, for example, he obliged by demonstrating *black-eyed peas with country ham and peanut oil dressing*.

Ingredients of a well-taught class

□ **A personable, well-organized teacher.** Choose a chef with human relations skills as well as technical knowledge. The best teachers have a clear speaking voice, an ability to explain each step in a logical way, a knack for encouraging interaction with students and enthusiasm for their profession. A sense of humor helps, too.

□ **Good recipes.** Gear the complexity of recipes to the abilities of students and make sure the ingredients are available in the supermarkets and other stores your students must use.

Also, avoid recipes requiring specialized equipment, such as a heavy-duty mixer, which students may not own. Test all recipes to make sure they work and that instructions are clear. Leave room on recipe cards or pages for students to jot down their own notes.

□ **An innovative structure.** Most students want more from a cooking class than the ability to replicate specific recipes. Structure classes to broaden students' understanding of food and culinary techniques. One teacher shows students how to appreciate different combinations of color, texture and flavor by analyzing a plate of food like a bottle of wine. Another demonstrates basic approaches for preparing dishes almost entirely in advance, then finishing them just before serving.

□ **Painstaking organization.**

Good cooking teachers often spend much longer preparing for a class than teaching it. Use the *mise en place* method of arranging all recipe ingredients on a tray to save precious class time and lessen the risk of omitting something. Prepare finished versions of recipes that require too much time for completion in class (examples: a slow-rising bread or a stew that must simmer for hours) so students can see how they turn out.

□ **Good visibility.** Resist the impulse to overbook; schedule the class for a space large enough so that all students can see each step. Remove equipment and other visual impediments. When performing a tricky operation, such as caramelizing sugar or sauteeing onions, tilt the pot to show students several different stages of the process. Consider installing a mirror over the preparation and cooking area so the students can see well from anywhere in the room.

□ **Opportunities for tasting.** Tasting the end product is the natural climax of a cooking lesson; skip it, and any student will feel deprived. Beyond satisfying appetites, the tasting gives students a basis for comparing their own renditions to the teacher's version. When the number of students exceeds the amount of food, one recipe should be distributed to one part of the audience, a second recipe to another part.

Hazards of teaching

The appeal of offering cooking classes may camouflage a few hazards. Some restaurant chefs or owners find that the time required for preparation and teaching overwhelms an already-crowded work schedule.

Charles Weber of Printer's Row, who received high marks from students for his classes in the Great Master Chefs series, said once was enough. "It was enjoyable, but just too much of a burden on top of the 100 hours I normally work. I'd stay up until 3:00 a.m. doing the setup for the next morning's class and then have to get up again at 6:00 a.m."

Teachers frequently fall victim to the talking-while-cooking syndrome, which increases the chances of making a mistake. It's not the milk boiling over that matters, but the teacher's response to the problem. "If you appear to be shaken, it's bad. You're supposed to be the authority—after all, that's why people are taking the class," notes Marcel DeSaulniers. "On the other hand, you can use the mistake to show that you're human, too."

DeSaulniers once found that a dessert called *Death by Chocolate* had all too accurate a name. It was "a total disaster in appearance," but instead of starting over, DeSaulniers immediately cut the dessert into pieces and doled them out to participants. They pronounced it wonderful.

Many cooking teachers glide over a blunder with a humorous remark. When Gregory Andro added steak sauce instead of Worcestershire to a sauce, he quipped, "Congratulations, class. We've just invented a new dish."

Adapting
to the
interest in

NUTRITION

by Claire Regan

Healthy menu choices may not be the hottest items in restaurants, but they are steadily gaining ground. A 1986 study conducted by the National Restaurant Association shows that interest in restaurants specializing in diet or lite menu items remains strong. In 1985 and 1986, 40 to 42 percent of the adults surveyed had tried or were likely to try these establishments. It is clear that there is a market for nutritious items. Accommodating this market need not be an enormous undertaking. Minor menu modifications are usually enough to boost customer patronage and profits.

Ralph Brennan, owner-manager of Mr. B's (190 seats; New Orleans, LA), saw the interest in lighter items as an opportunity to "lighten up" his concept of contemporary creole food. "The changes we made toward the lighter style have not compromised the taste of our creole and Cajun cooking," he says.

The Chestnut Street Grill (125 seats; Chicago, IL), which specializes in grilled seafood, has also benefited from the light trend. "Our concept lends itself well to healthy eating," says manager Robin Ross. "We made some conscious changes in our preparation methods to reduce the fat and salt. We also added a few salads, but, basically, we worked with the regular menu items."

Doing the groundwork

Although developing lite or nutritious items requires time and commitment, the procedure is not much different from developing any new menu con-

cept. The first step is to evaluate the market: Do your patrons care about eating nutritiously, and do they want to do so in your establishment? Those who meticulously monitor their diets at home may be the same patrons who enjoy your richest desserts.

"Far too often, nutrition programs are developed that meet only the restaurateur's dietary concerns," cautions Beth Carlson, assistant professor of hospitality management at Virginia Polytechnic Institute. Carlson suggests that nutritious concepts should be formulated to meet the patrons' expectations without abandoning the general theme of the operation.

"Consumers don't choose restaurants just because of the low-calorie content of the menu," she warns. Lack of interest can thwart even the best-designed nutrition program. For example, Zachary's (98 seats) in Boston, MA, lost 15 percent of its business when it changed its concept from classical French cuisine to "Continental Naturelle," a style of cooking that emphasized the natural flavor of food while preserving its nutritional balance. "We found that when people are spending \$80 to \$100 for a meal, they want to taste the butter in their escargots," says a spokesperson for the Colonnade Hotel wherein Zachary's is situated. "We phased out 'Continental Naturelle' due to lack of interest and are going back to what we do best—French cuisine," she says.

Keeping track of requests

Most operators who have successfully incorporated nutrition did not conduct formal surveys or market research. Rather, they kept track of food

and health trends and their customers' requests (see sidebar).

This was the tactic taken by Terrence Considine, executive chef of Tumble-down's (100 seats; Bronxville, NY). "We noticed a push for diets lower in cholesterol and fat in the magazines and newspapers," he explains. "Plus, we were getting lots of requests for food served without the sauce, butter or salt. Rather than continuing to improvise, we created 'Light Balance.' The food is more consistent, and we are proud of it."

Other operators, aware of the trend toward healthier lifestyles, have noticed that nutritious menu items were successful in operations similar to their own. "Our 'Svelte Cuisine' was inspired by The Four Seasons' 'Spa Cuisine,'" admits Mike Comisar of Maisonette (130 seats; Cincinnati, OH). "We have many patrons who conduct business here, and we found they get tired of eating heavy French food." Comisar rationalized that if the lite concept was successful at The Four Seasons, it was likely to work at Maisonette.

How to proceed

Once a market for nutritious fare has been identified, developing the concept is the next step. For this stage there are two choices: Do it yourself or work with a consultant.

Working on your own saves the cost of hiring a consultant, but it is time-consuming. It requires becoming familiar with basic nutrition principles and how they relate to cooking. For the

motivated, there are many resources available, primarily in the form of books and courses (see sidebar).

Some operators have chosen to work with a nutrition consultant or to adopt an established nutrition program. Nutrition consultants, often registered dietitians, are experts in nutrition, and their expertise can help an operator translate confusing medical jargon into realistic terms for foodservice application. They can also assist in calculating the nutrient content of menu items and determining the po-

tential for promotion of particular foods as nutritious, light or healthy. They can help an operator reduce the calories, fat, cholesterol and sodium without sacrificing a good product.

After Terrence Considine realized he had a market for his "Light Balance" menu section, he worked with a consulting dietitian on the development. "This liaison was beneficial," relates Considine. "When I was in school, I learned about nutrition, but I don't remember much since I never had to use it," he admits.

Is nutrition important to your customers?

How do you decide if there's room for a nutrition-oriented menu in your operation? The most basic consideration is your patrons. Do they want it? The demand may be manifesting itself in subtle ways. Do you get special requests for

- ☐ foods prepared without salt
- ☐ salad dressings, sauces or gravies served on the side
- ☐ plain, broiled fish, poultry or lean meats
- ☐ foods sautéed with oil or margarine rather than butter
- ☐ margarine instead of butter
- ☐ low-fat or skim milk
- ☐ fresh fruit for dessert
- ☐ salt substitutes or
- ☐ bran and whole-grain cereals?

If so, the demand exists in your operation. If you are not quite sure, do some market research to determine the need. For more information, refer to the National Restaurant Association's publication, *Market Research for the Restaurateur*, or talk informally with your employees and customers.

There are advantages to incorporating nutrition into an operation. By doing so, you are indirectly telling your patrons you care about their health and well-being. You are opening your door to people on modified diets and those concerned about nutrition. You may even raise the consciousness of those not so concerned about nutrition and health.

Claire Regan, R.D., is research manager, nutritionist for the National Restaurant Association.

Other operators have depended on established programs to assist them in the development of their healthful sections. Robert Chesney of Domino's Pizza in Pawtucket, RI, joined forces with the Pawtucket Heart Health Program. The program's nutritionist works with local restaurateurs to develop menu items with less fat, sodium and cholesterol. "The thought of 'heart-healthy' pizza intrigued me. So, I contacted the program and reviewed the recipes with the dietitian, and we came up with an acceptable formula," Chesney explains.

Darrell Sheaffer reports that the Ritz Carlton Hotels initially developed its signature "Fitness Cuisine" at corporate headquarters, but eventually adopted the American Heart Association's Eating Away From Home Program. "There are certain advantages to working with the Heart Association," says Sheaffer, director of food and beverage at the Atlanta Ritz Carlton in Atlanta, GA. "Credibility is one advantage. Plus, they give good support and information. For example, we found that red meat is not necessarily bad, as long as a lean cut is used and the portion is controlled."

The plan

Before menu items are chosen and recipes are developed, certain operating decisions have to be made.

🍴 **Nutrition goals.** The nutrition goals have to be hammered out. "Consumers today are not just dieters or 'health food nuts.' Rather, they are a highly segmented market of individuals seeking a variety of healthful, wholesome foods that fit their diets and lifestyles," Beth Carlson suggests. She adds that consumers tend to focus only on a few of the nutritional aspects of food, particularly calories, fat, cholesterol and salt (sodium). These concerns are generally what they bring to their dining experience.

🍴 **Meal periods.** Not every customer is nutrition-minded at every meal. Some operators are noticing that their patrons are more concerned about nutrition when dining out at lunch than dinner. Comisar of Maisonette notes that orders for "Svelte Cuisine" account for about 30 percent of lunch orders, but plummet to five percent at dinner. "Our lunch customers are regulars who conduct a lot of busi-

ness here. They get tired of eating heavy food," Comisar says.

Chef Henry Cohen has noticed a similar tendency at the Frontier Hotel's 266-seat Longhorn Cafe in Las Vegas, NV. "Our 'Lifestyles' menu definitely sells better at lunch. People are very concerned about what they eat at lunchtime, but by dinner their concerns go to the dogs," chef Cohen explains. The results of a restaurant association study on consumer behavior also point out that interest in nutritious or healthy food can be expected to be much higher during a routine restaurant visit (i.e., business or social obligation) than during a non-routine meal (i.e., social fun).

🍴 **Number of items offered.** Generally, operators have opted to keep the nutritious offerings at a minimum. Successful programs generally offer two to four entrees and one or two appetizer and dessert selections. Some even feature light beer and wine. Comisar advocates this approach, especially in the beginning. "My best advice is to keep it simple in the beginning," he says. "It is important to build a foundation with quality products. If it takes off, then expand."

Developing the menu items

When developing healthful menu choices, operators basically have three choices: to use existing selections, to modify existing selections or to create entirely new menu items. When Joe Silvestri, the general manager of Spumoni's, a 235-seat Italian seafood restaurant in Pawtucket, RI, participated in the local Heart Health Program, he realized that some of Spumoni's existing menu items were already heart-healthy. "Our steamers (clams), clam sauce, scrod, manicotti and stuffed shells all qualified. It shows how easy it is to adapt to the program. We serve tasty, basic food and it's healthy," Silvestri says proudly.

When recipes need to be altered, modification usually centers around reducing the fat and salt. This is often achieved by an ingredient substitution and a change in the cooking method. Popular preparation methods include grilling, baking, broiling or steaming because they require no additional fat.

Robin Ross of Chestnut Street Grill explains how the restaurant modified its preparation techniques for its "Spa Menu" selections. "Instead of cooking with butter and salt, we brush our fish

How to publicize a nutrition program

In addition to professional endorsements, there are a number of ways to publicize a restaurant nutrition program without spending the money required to advertise in newspapers and magazines or on the radio.

🍴 **Food and health writers.** The food and health reporters of your local newspaper are constantly searching for story ideas. Find out who your reporters are and call or write them about your nutrition program. They may include it in one of their stories.

🍴 **Health fairs.** Local health fairs are usually an inexpensive way to expose your program to an interested audience. Food samples and copies of the menu could entice some people to try your restaurant.

🍴 **Cooking demonstrations.** If

you have a chef who is particularly adept in preparing healthful fare, volunteer him/her to perform cooking demonstrations. Supermarket chains, health associations (American Heart Association, etc.) and retail stores that specialize in cooking equipment are a few organizations likely to sponsor a demonstration. Contact these places and offer your services.

🍴 **Medical centers and health maintenance organizations (HMOs).** In addition to health care, health promotion is a major thrust of medical centers and HMOs these days. Contact the director of public relations and inform him/her of your nutrition program. Offer to get involved in any nutrition promotions or health education programs the organization may be sponsoring.

with safflower oil (a polyunsaturated oil) before grilling. We serve tomato relish rather than tartar sauce—a high-fat condiment—and confetti rice (rice and chopped vegetables prepared with unsalted margarine) rather than french fries or rice pilaf,” he says.

Ralph Brennan, too, modified some menu items and added a few new ones at Mr. B's. “We lightened our sauces. We thicken now by reduction and eliminated a high-fat roux. We do lighter interpretations of traditional recipes with grilled fish. Plus we're making an effort to add salads to the menu,” Brennan says.

Robert Chesney of Domino's created heart-healthy pizza by eliminating some ingredients and substituting others. “We use lean ground beef rather than sausage or pepperoni. Most of the vegetables are acceptable, except for the olives, which are too salty. And, we had to be careful about the amounts of some ingredients used, such as cheese,” he says. Chesney adds that once the recipe was developed, it was not difficult to train the staff. “It wasn't any harder to train heart-healthy pizza prep than the prep for any other pizza.”

Although the development of totally new menu items is the most time-consuming of the three options, it can be a worthwhile effort. Chef Henry Cohen says that three items, chicken Bacchus salad, avocados and shrimp salad and orange roughly—created for his “Life-styles” menu—have turned out to be among the Longhorn Cafe's best-sellers.

The presentation

Once a light menu is developed, what is the best way to present it? There are a few options.

☛ **A separate section.** The Ritz Carlton's “Fitness Cuisine” selections initially were interspersed with the regular items and simply set off by asterisks. Now, after revision, “Fitness Cuisine” appears as a separate section on the menu with a heading equal in size to other section headings, such as seafood, poultry and meat. “Putting ‘Fitness Cuisine’ in its own section makes it a part of the menu; it integrates the concept,” explains Darrell Sheaffer. “Before people tended to miss it. It looked like an afterthought and implied there wasn't as big a commitment to it.”

The “Light Balance” selections offered by Tumbledown also appear as a separate section. “With this method, there is no confusion. The patrons who order ‘Light Balance’ know what they're getting,” says Terrence Considine. Considine also prints the number of calories in each of the “Light Balance” selections because he feels this information enhances the marketability of the items.

☛ **A separate card.** At Maisonette, “Svelte Cuisine” appears on a separate card in the front of the menus. According to Mike Comisar, treating “Svelte Cuisine” like the daily specials has increased the selections' selling power.

☛ **No special program on menu.** In contrast, Ralph Brennan tries not to draw any attention to his light versions of traditional creole food at Mr. B's. “When we first began offering lighter foods, we had them asterisked, but it didn't seem to make a difference. So, we stopped it. People who are interested in lighter foods ask about them.” Brennan also advises against printing calorie and fat counts on the menu. “It

is offensive and takes the fun out of eating,” he maintains. “Good descriptions about the menu choices give people a clue about the nutritional value of the dish.”

☛ **The waitstaff.** The Chestnut Street Grill menu announces the availability of the “Spa Menu Selections,” but does not list them. “We didn't want the ‘Spa Selections’ to be a totally separate concept. The waitstaff verbally explains our spa preparation methods and how they apply to the regular items. This helps to incorporate them,” manager Robin Ross points out.

Even operators who print their healthful menu choices rely on their waitstaff. “These are our frontline salespeople,” emphasizes Darrell Sheaffer. Waitstaff training is part of the Ritz Carlton's “Fitness Cuisine” program. Other operators agree that servers must be aware of the rationale for promoting nutritious foods if they are to be enthusiastic.

Moreover, a nutrition program that is well-designed and well-promoted can be unintentionally sabotaged by an un-

RED SNAPPER CARIBBEAN		CHICKEN BACCHUS SALAD	
Serves 6		Serves 6	
Ingredients 6 6-oz. red snapper filets 1 onion 1 bell pepper ½ cup water 6 oz. mozzarella cheese 4½ cups cooked spinach noodles		Ingredients: 6 4-oz. skinned chicken breasts ¾ cup oil ½ cup fresh lemon juice 1 tspn. mixed salad herbs 1 cup strawberries 1 cup grapes 4 oz. alfalfa sprouts	
Preparation: Chop onion and pepper coarsely. Cook in saucepan in water. Place fish in baking dish; cover with vegetables and bake in a 400°F oven until fish is done, approximately 10 minutes. Top fish with cheese and broil until cheese melts. Serve with spinach noodles.		Preparation: Bake chicken. Let cool. Mix oil, lemon juice and herbs. Marinate chicken breasts in mixture overnight. Drain and serve on bed of alfalfa sprouts. Garnish with grapes and strawberries.	
Nutrient information per serving		Nutrient information per serving	
Calories	393	Calories	337
Protein	48	Protein	39 gm
Carbohydrates	32 gm	Carbohydrates	25 gm
Fat	8 gm (18% of calories)	Fat	9 gm (24% of calories)
Sodium	250 mg	Sodium	85 mg
Cholesterol	96 mg	Cholesterol	96 mg
—Chef Henry Cohen, Frontier Hotel, Las Vegas, NV		—Chef Henry Cohen, Frontier Hotel, Las Vegas, NV	

informed waitstaff. Knowledge of nutrition facts will help servers understand the importance of the program and will prepare them to properly answer patrons' questions. They should know the thrust of the nutrition program, i.e., to cut back salt, fat or calories. They should be knowledgeable about the ingredients used in the nutritious selections; the cooking method employed; the availability of special foods, such as reduced-calorie salad dressings or low-sodium soy sauce; and the chef's ability to accommodate special requests, such as preparing a dish without butter or salt. Finally, patrons

interested in nutrition may solicit recommendations from the waitstaff.

Evaluation

Consistently, operators emphasize the need for review and evaluation of newly implemented nutrition concepts. "We've been pleased with the outcome of 'Light Balance,'" says Terrence Conside. "But, along with the rest of our menu, 'Light Balance' is due for a change."

Maisonette's management has tracked the popularity of "Svelte Cuisine." "Recently, it really has gained popularity," notes Cornisar. "It's time to

re-evaluate and maybe expand the selections for our repeat customers," he muses.

In sum

Restaurateurs who have successfully developed nutritious menu concepts have found them to be profitable. They maintain that between 10 to 30 percent of their orders are coming from these healthful sections. Joe Silvestri of Spumoni's says heart-healthy selections constitute at least 10 percent of his orders. "I encourage others to think about offering nutritious selections," he adds enthusiastically. □

Resources for developing nutritious menu concepts

There are plenty of useful resources available to restaurant operators who are interested in developing nutritious menu concepts. Here is a sampling.

Books and texts

□ **A Nutrition Guide for the Restaurateur.** 1986. National Restaurant Association, Washington, DC. This guide was developed specifically for restaurant operators who have minimal knowledge of nutrition. In addition to providing nutrition basics, the guide provides extensive lists of resources. Available from the association: \$15.00 for members, \$30.00 for non-members.

□ **American Heart Association Cookbook.** 1984. David McKay Co., NY. This comprehensive cookbook features recipes and tips that comply with the association's guidelines. (\$15.95)

□ **Food Values of Portions Commonly Used.** 1980. Pennington & Church, Harper & Row, NY. This book lists the nutritive values (calories, fat, protein, cholesterol, etc.) of foods. It is useful for calculating the caloric content of recipes. (\$15.00)

□ **Jane Brody's Nutrition Book.** 1981. Jane Brody, W.W. Norton & Co., NY. This book has been described as a book that "makes basic nutrition come alive" for the public. (\$12.98)

□ **Pierre Franey's Low-Calorie Gourmet.** 1984. Pierre Franey, N.Y. Times Books, NY. Chef Franey features recipes lower not only in calories, but in fat and salt as well. (\$14.95)

Courses

Below is a partial list of culinary

schools and organizations that offer nutrition courses. Many junior community colleges that feature culinary programs are also incorporating courses on how to apply nutritional principles in a foodservice operation. Contact your local college or cooking school to determine if a nutrition course is available locally.

□ **American Culinary Federation (ACF),** P.O. Box 3466, St. Augustine, FL 32084; (904) 824-4468. The Culinary Federation has developed a nutrition course that is required for certification or recertification by the ACF. The nutrition course can be taken on a correspondence basis via 12 90-minute tapes. Some ACF chapters have organized classes to teach the nutrition course.

□ **Culinary Institute of America (CIA),** Hyde Park, NY 12538; (914) 452-9600. The Culinary Institute of America offers a number of continuing education courses for working professional chefs and cooks. Among these is a five-day nutrition course that covers the fundamentals of cooking food reduced in calories, sodium, fat and cholesterol.

□ **Johnson and Wales College, Department of Continuing Education,** 8 Abbott Park Place, Providence, RI 02903; (401) 456-1120. The nutrition course at Johnson and Wales is introductory, concentrating on nutrient requirements, food sources of nutrients and the effects of deficiencies. It is a three-credit course that can be taken during the week or on weekends.

□ **New York Restaurant School,**

27 West 34th St., New York, NY 10001; (212) 947-7097. Although a standard nutrition course is not offered, the New York Restaurant School offers courses such as, "Low-Calorie Italian Cuisine" and "Low-Calorie Dessert Making" which vary from semester to semester.

Consultants

American Dietetic Association, 430 North Michigan Ave., Chicago, IL 60611; (312) 280-5000. The American Dietetic Association maintains a directory of consulting nutritionists. Your state and local dietetic association or local hospital may also assist you in locating a registered dietitian.

□ **American Health Foundation,** 320 East 43rd St., New York, NY 10017; (212) 953-1900. The American Health Foundation is a non-profit organization devoted to the prevention of disease and the promotion of good health. The foundation's nutritionists have developed MENU MANHATTAN, a low-fat, low-calorie food concept for restaurants. The foundation's nutritionists will work with chefs and managers to implement MENU MANHATTAN on a fee-for-service basis.

□ **Rodale Food Consultants,** 33 East Minor St., Emmaus, PA 18049; (215) 967-5171. The Rodale Food Consultants, a division of Rodale Press, Inc., consists of nutritionists, food technologists, chefs, chemists and researchers. Their services include healthy food workshops, foodservice consultation and recipe development. They specialize in creative, nutritious food.

Fisher's Law #80

The art of asking questions

The longer one is in the managerial ranks, the more one realizes that one does not have all the answers. In large part, the managerial task is to get the answers needed to make the decisions. Because managers cannot get all the answers themselves, staff departments have been developed, employee meetings have been instituted, suggestion systems have been established, etc. An increasingly critical component of managerial success is the ability to 1) ask the right question and 2) ask it in such a way to elicit the most utilizable response possible. Here is an overview of different ways to formulate a question, together with a brief explanation of the conditions under which a particular method is best employed.

1. The factual question is the most direct questioning technique, and most of us use it most of the time. It answers the who, what, why, when, where and how. Common examples are: "Who gave you that information?" or "Where is the report that's due?" or "What is the end result of this action?"

The factual question, due to its directness, can place the respondent on the defensive, especially since such questions are usually curt, incisive and fundamental. The best uses for the factual question are in disciplinary situations when a refocus of the matter at hand is necessary, when there are gaps in what someone has reported, when time is short and when there is a need for staccato answers to staccato questions.

2. The option question is a questioning technique

designed to force the respondent to make a choice, often based on alternatives known to both parties. The option question is non-threatening to most people, and it gives the employee maximum opportunity to "present a case." Common examples are: "If you had your choice, would you select project A or project B?" or "If you were going to recommend a course of action, which alternative would you select?"

The option question helps an employee develop his/her decision-making abilities because he/she has to think through the matter and take a stand. It also gives the questioner more information about the issue and can offer insight into the thought process of the employee.

3. The searching question is a technique to generalize a question and open it up to all possibilities. Common examples are: "In what ways can we improve our services?" or "How can we improve our productivity?" This technique elevates the question to a more general plane than does a specific question. It is designed to open the thinking of all present, while simultaneously securing group involvement, attention and commitment.

The searching question is an effective method in a group setting (for brainstorming sessions, for example), but it can be used one-on-one as well. It is non-threatening in that it is exploratory, and a single, direct, "right" answer is not necessarily expected.

4. The declarative question is a method of declaring a question to a respondent. It is direct. It forces an

answer and usually gets at the heart of an issue. But it can be a discussion stopper. Common examples are: "Do you truly believe that action will lead to increasing profits?" or "Do I understand that you are firmly convinced all aspects of the matter have been made known?"



The declarative question can be used in an individual or group setting and can be a "summary" question, which leads directly to a pronouncement of the next steps to be taken. Because it is an emphatic questioning technique, it can be threatening to a respondent.

5. The participative question is designed to generate more questions and answers by the person or persons to whom it is addressed. Common examples are: "Would it be feasible to cut back on that expense?" or "Could we consider a totally new approach such as..." In this technique, the questioner has something in mind but floats the trial balloon to the respondent(s) to test the reaction. If the reaction is favorable, then the respondent(s) "buys into" the suggestion that was posed as a question.

The participative question

is non-threatening and is best used when an organizational superior wants to "sell" employees on a decision rather than "tell" them of the decision.

6. The supposition question is a method designed to stimulate thinking in terms of contingencies. It raises the questions in the manner that forces the respondent(s) to look at things from the point of view of the opposition or competition. Common examples are: "If a competitor opens across the street, what actions should be set in motion?" or "If a recession occurs next year, what programs will we implement to counter it?" This type of question requires planning in order for a response to be forthcoming. Therefore, immediate answers should not be expected, but the question itself lays the groundwork for future action and responses.

7. The facilitator question is designed to get off the current issue and move on to something else. Common examples are: "Do I sense that we have agreement on that and can go on to the next item?" or "Can we conclude this discussion and address the next subject?" This technique assumes agreement on the part of the respondent(s), or at least temporary agreement, to go on to something else. (For example, "Can we leave this for now and come back to it later?")

The facilitator question can get a discussion out of a rut, and it is best employed when the superior senses a respondent's frustration or annoyance to a point where further discussion would be non-productive.

Fisher's Law #80: There are times when the question is more important than the answer!

1987 outlook for wholesale food costs

This is a summary of USDA's 1987 forecast for wholesale food prices.

Low feed costs and positive producer returns should provide ample supplies of basic commodities in 1987, according to U.S. Department of Agriculture (USDA) economists speaking at the 63rd annual Agricultural Outlook Conference. Despite generous supplies, wholesale food costs are expected to increase at a faster pace this year than last. The overall rise, however, should still be moderate.

The National Restaurant Association is also forecasting a modest increase in wholesale food costs. In 1987, wholesale prices should post a 3.4 percent increase, up from the slight 1.6

percent increase recorded in the previous year. Contributing to this rise will be small jumps in wholesale prices of red meat and continued strong poultry prices. Somewhat higher vegetable and dairy prices are also expected. As wholesale costs push upwards, menu prices will also increase. However, competitive pressures should keep the rate near the 1986 level of 3.8 percent.

Beef

Beef production is forecast to fall nearly seven percent below the 1986 level. This decline should lead to only moderate wholesale price increases in 1987. First-quarter

prices should average \$62.00 to \$68.00 per cwt. and rise to \$63.00 to \$69.00 per cwt. in the second quarter, up from \$57.22 and \$54.52 per cwt. one year ago. Prices may decline somewhat during the second half of this year, but they should remain above 1986 levels.

Pork

Higher pork prices and lower feed costs during the second half of 1986 helped reverse several years of low/negative returns for hog producers. However, this return to profitability is not expected to stimulate expansion until late 1987 as producers work to recover recent losses.

Wholesale pork prices are expected to average around \$55.00 per cwt. this year, up from \$51.50 in 1986. The increase will be due to higher year-over-year prices during the first six months of the year when supplies are ex-

pected to fall below 1986 levels. During the first quarter, the wholesale price of pork should be between \$54.00 and \$58.00 per cwt., and in the second quarter the price should be between \$53.00 and \$59.00 per cwt. These ranges are well above the \$43.30 per cwt. and \$47.23 per cwt. prices recorded during the first and second quarters of 1986. As supplies increase later in the year, prices are forecast to fall below 1986 levels, rounding out the year in the high \$40s to low \$50s.

Poultry

Broiler supplies are forecast to grow 6.3 percent in 1987 to 15.1 billion pounds. Restaurant demand for broiler products helped boost prices in 1986 to about 55.0 cents per pound for the year. Broiler wholesale prices should remain high early in 1987, but may drop in later months. Over the year, prices

Percent change in wholesale food costs

Average food costs rose slightly during the first 10 months of 1986

	1978 to 1979	1979 to 1980	1980 to 1981	1981 to 1982	1982 to 1983	1983 to 1984	1984 to 1985	10 mos. 1985 to 10 mos. 1986
Bakery products	10.0%	11.7%	8.3%	3.3%	3.2%	4.8%	4.9%	2.7%
Flour & cereal	12.4	12.3	-7.0	-5.3	1.1	1.8	0.5	-2.2
Beef & veal	24.7	3.2	-5.0	-0.8	-3.3	nc*	0.5	-8.6
Other meats	-2.8	-2.7	7.6	16.9	-8.7	-0.4	-0.7	9.9
Poultry & eggs	0.7	1.0	2.4	-6.7	3.2	12.0	-8.2	5.5
Fish & shellfish	22.6	-3.2	1.8	11.8	6.3	11.5	-3.4	11.0
Sugar & sweets	6.9	35.4	-2.9	-2.6	5.0	2.4	-1.1	1.3
Vegetables	2.0	7.5	22.6	-4.4	1.2	8.4	-7.2	-3.0
Fruits & juices	8.7	4.2	4.1	2.9	2.9	6.6	-2.8	-3.9
Beverages	0.8	0.8	-2.3	4.5	1.3	5.2	1.5	15.8
Dairy products	12.1	12.1	6.4	1.3	0.6	3.6	3.9	0.9
Fats & oils	6.4	6.4	2.1	-1.4	8.8	21.0	-6.1	-17.9
National Restaurant Association Food Cost Index ²	12.2%	5.0%	3.0%	2.5%	0.7%	5.0%	-2.2%	2.6%
All food, Producer Price Index ¹	9.5%	8.0%	3.1%	1.1%	1.1%	4.8%	-1.9%	1.2%

nc: no change

¹Includes all processed foods (except soft drinks, alcoholic beverages and animal feeds) plus eggs and fresh and dried fruits and vegetables.

²In December 1985 the index for flavored syrup was reduced to 1985 = 100. As a result, the National Restaurant Association's monthly Food Cost Index had to be revised in order to compare 1986 figures to 1985.

Source: Producer Price Index, Bureau of Labor Statistics; National Restaurant Association

should range between 50.0 and 56.0 cents per pound.

In the first three months of last year, the wholesale price of broilers was 50.3 cents per pound. This year, the price is expected to be up 4.4 percent to 52.5 cents per pound. Second-quarter prices will likely match those registered in the first quarter of this year.

Turkey producers enjoyed good returns in 1986. Lower feed costs and continued heavy demand will likely boost production 15 to 17 percent in 1987, marking the second consecutive year of double-digit growth.

The wholesale price of turkey should be about 66.0 cents per pound this year, down from 71.0 cents per pound in 1986. Prices should range from 58.0 to 62.0 cents per pound during the first three months of the year and should rise to between 61.0 and 67.0 cents per pound in the second quarter. Increased demand for processed turkey and decreased red meat supplies should help support turkey prices for most of the year.

Eggs

Although producers will see lower feed costs in 1987, egg production is expected to

match that of the past year due to slightly weaker demand. As demand lessens, prices are expected to slip.

Wholesale egg prices should average 66.0 cents per dozen in 1987, down nearly 6.4 percent from their 1986 average of 70.5 cents per dozen.

First-quarter egg prices should range from 66.0 to 70.0 cents per dozen, but prices are expected to edge down slightly in the second quarter to between 61.0 and 67.0 cents per dozen.

Dairy

Milk production may slip one to three percent below 1986 levels, reaching between 141 and 145 billion pounds. As supplies tighten early in the year, prices should move up to around \$12.50 per cwt., 1.1 percent above the 1986 price of \$12.37 per cwt. Second-quarter prices may slip to \$11.85 per cwt. During the same period in 1986, the wholesale price of milk was \$11.97 per cwt.

Smaller supplies of cream, butter and cheese should force slight increases in wholesale prices for these dairy products.

Fruits and vegetables

The 1986/87 growing season should bring larger supplies of citrus fruits, thereby decreasing wholesale prices. On the other hand, lower production levels of non-citrus fruits due to inclement weather in California may force prices up for these fruits.

Based on 1986 acreage estimates, output of commercial vegetables is expected to be lower than one year ago. Therefore, wholesale prices for vegetables, including potatoes, and dry edible beans are expected to rise modestly during the year.

—Kate Conroy

Inside the takeout market

Although foodservice operators are capturing a greater share of the consumer food dollar—40.5 percent in 1984, compared to 36.0 percent in 1980—this increase does not necessarily mean that more seats are being occupied in restaurants. In fact, a large part of the increase can be attributed to recent growth in off-premises dining. CREST data reveal that between 1982 and 1985, customer traffic for off-premises dining increased nearly 12.0 percent. The increase in takeout traffic was more than two times as great as the traffic gain for on-premises dining.*

The takeout market depends primarily on traditional carryout—the kind that has been available from fast food restaurants and other types of establishments for years. In 1985, carryout, which involves picking up food inside the restaurant and then consuming the food elsewhere, accounted for 76 percent of off-premises customer occasions at quickservice places. According to CREST Household Report data, drive-thru captured nearly 20 percent of eater occasions, while delivery accounted for under four percent of all off-premises eater occasions.

Delivery is quickly gaining ground. From the 1985 summer quarter to the 1986 summer quarter, customer counts for delivery recorded increases of 20 to 45 percent. Undoubtedly, much of this growth comes from wider availability, and rising customer counts indicate consumers have welcomed the expansion. Drive-thru, which is found primarily at quickservice places, has also made healthy gains over the past 18 months. As more drive-thru windows and drive-thru only units crop up

on the restaurant scene, it is likely that this segment of the takeout market will continue to make strides. Despite the heightened interest in delivery and drive-thru, carryout traffic has continued to post modest increases, suggesting that carryout will remain the largest part of the takeout market for some time to come.

Takeout customers are convenience-minded

A desire for convenience is propelling the expansion of the takeout market. Consumers who are among the most likely purchasers of takeout place the greatest value on convenience. A National Restaurant Association consumer survey conducted in 1985 provides the following profile of frequent takeout purchasers.

□ 18 to 34-year-olds.

Nearly 60 percent of adults between 18 and 24 years of age and about 55 percent of those between 25 and 34 years of age indicated they purchase restaurant meals to go two or more times a month.

□ Singles and families with children. One-half of

Correction

Numbers reported for takeout traffic at dinner on page 37 of the November 1986 issue of this magazine were inaccurate. Takeout traffic at dinner increased by 20.2 percent between 1982 and 1985, and its share of the market reached 41.0 percent in 1985 from 37.6 in 1982. Customer counts for on-premises dining rose by 4.2 percent during the four-year period. Off-premises dining accounted for more than one-fourth of all dinner sales in 1985 versus 22.2 percent in 1982.

*In this article, "takeout" refers to both carryout and delivery.

the single persons questioned said they frequently buy takeout food and beverages, and 46 percent of families with children under 18 opt for takeout two or more times a month.

□ **Households wherein the female head is employed full time.** At least five of 10 adults who live in households where the wife or mother works full time were found to frequently buy meals and snacks to go from restaurants.

□ **Households with annual incomes of \$20,000 to \$50,000.** More than 50 percent of the consumers from households with moderate to upper incomes reported purchasing takeout food and beverages two or more times a month. A similar profile emerges for consumers who cite time pressures as the reason for choosing fast food places. (See *Restaurants USA*, December 1986.)

Consumers turn to quickservice places for takeout

In their search for convenient takeout meals, consumers turn primarily to quickservice restaurants. CREST data reveal that 90 percent of all takeout occasions occur at quickservice places, and about six out of 10 quickservice customers choose to eat off-premises. Patronage of these restaurants is growing. Between the 1982 and 1986 summer quarters, customer counts for takeout at quickservice restaurants rose 21 percent. In contrast, traffic for on-premises dining increased 13 percent during this period.

Within the quickservice group, some types of establishments have a larger stake in the takeout market than others. According to CREST data, hamburger and pizza

places together garner close to one-half of all quickservice takeout traffic, with hamburger restaurants holding the leading edge at 30 percent. Other establishments that capture noteworthy shares include varied menu and chicken places, but less than 10 percent of all takeout occasions at quickservice restaurants occur at each of these types of restaurants.

Asian and Mexican quickservice units also have relatively small shares of the market, but customer traffic at these places—especially for off-premises dining—has made substantial gains over the past two years.

In recent years, midscale establishments have not enjoyed the same growth as have quickservice restaurants. Between 1982 and 1985, customer counts at these restaurants have decreased by about four percent, with customer counts

for takeout falling by nearly seven percent.

A recent Gallup survey conducted for the National Restaurant Association suggests that although consumers are generally satisfied with their visits to midscale establishments, they do not associate these restaurants with time-pressured occasions. Instead, consumers who are in a hurry look to other types of establishments. (See the January 1987 issue of *Restaurants USA* for a closer look at the midscale dilemma.) Although offering takeout service may not be the only way for midscale operators to curb sliding customer counts, operators may want to investigate this alternative. Carryout, which is responsible for the majority of off-premises occasions, can be easy to add to an existing establishment.

Upscale operators have posted modest growth since 1982. Customer traffic for on-

premises dining, which accounts for the vast majority of all eater occasions within the segment, rose by nearly nine percent between 1982 and 1985. Traffic for off-premises dining, on the other hand, declined by one percent in the four-year period.

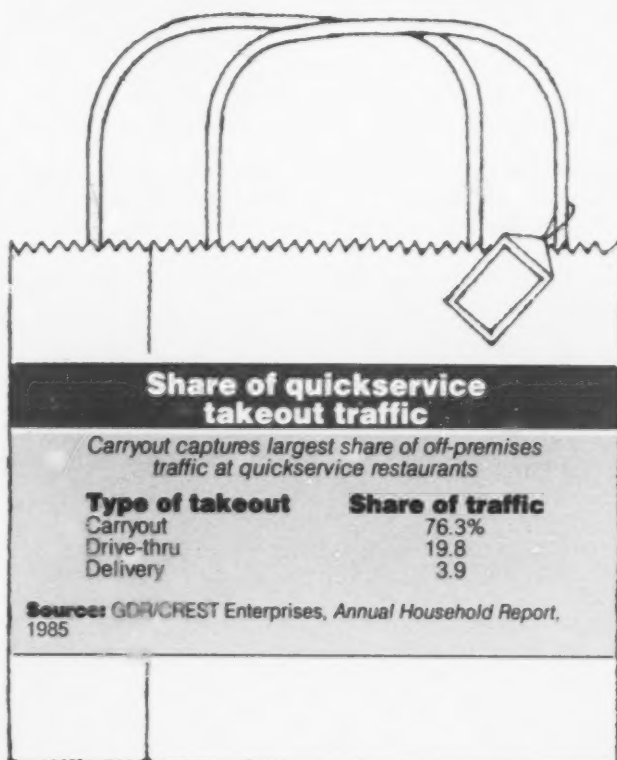
Although off-premises dining accounts for just over five percent of all customer traffic at upscale places, many operators have stepped up activity in this area. More upscale establishments are developing and promoting specialty takeout and/or delivery services to cater to time-pressured consumers. The challenge facing these operators, as well as those in the midscale sector, is to link their establishments with convenience in customers' minds.

Takeout most popular in the evening

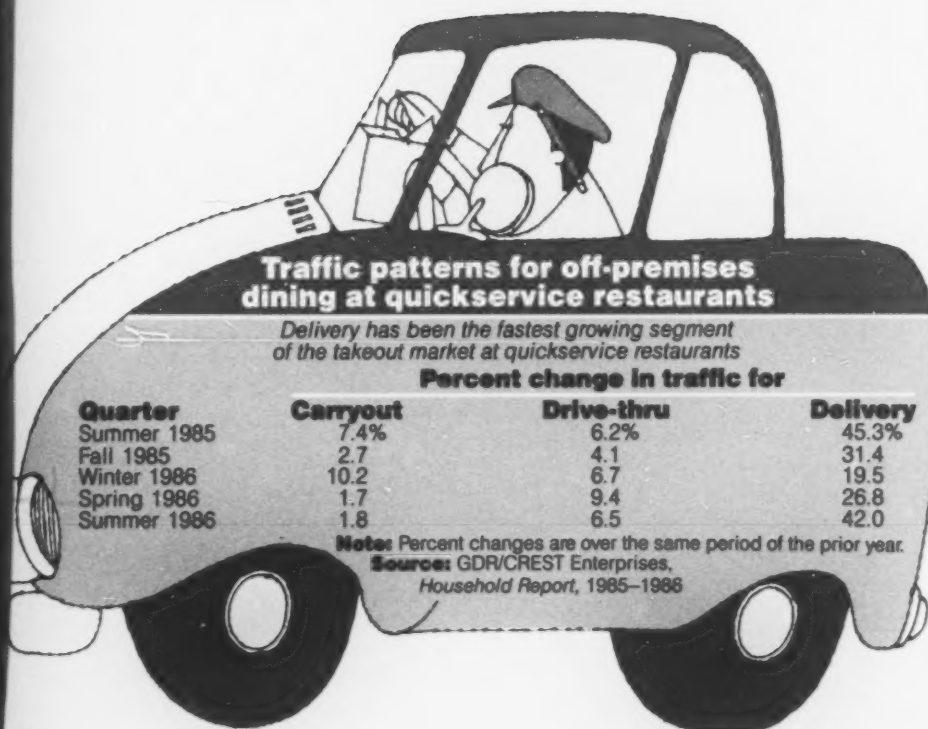
Dinner is the most popular meal for takeout food and beverages. More than four out of 10 dinner patrons choose takeout, according to CREST *Household Report* data. At the midday meal, about 36 percent of all eater occasions involve takeout. At breakfast 32 percent of eater occasions are carryout, and the number is growing.

Thanks to the popularity of breakfast at fast food places, takeout has grown the fastest at the morning meal. Off-premises breakfast traffic rose a substantial 38.8 percent between 1982 and 1985. Consumers have also upped their consumption of takeout meals at dinner and lunch; traffic between 1982 and 1985 increased 20.2 and 5.2 percent, respectively.

According to National Restaurant Association research, 18 to 34-year-olds and singles are likely takeout purchasers at breakfast, lunch and dinner. Additionally, individuals who eat out at



Trish Crouse



breakfast or lunch do so most often for personal consumption, whereas dinner to go is overwhelmingly purchased for an entire household.

Restaurant meals go home

If patrons are not eating inside restaurants, where are they eating? The vast majority of those who choose to have their meal to go take it home. From 1982 to 1985, customer traffic for restaurant meals and snacks purchased for off-premises consumption rose 12.0 percent. During this time, traffic for at-home consumption jumped 25.0 percent, outpacing that for takeout foods and beverages eaten at work or in the car. However, increasing numbers of drive-thru windows helped push customer counts for takeout meals eaten in the car up

least once a week commonly purchase food and beverages to go in the morning, while households with a working wife or mother and those with annual household incomes of \$25,000 are among those likely to opt for takeout at lunch.

Households with an employed female head are also among those that are likely users of takeout for the evening meal as are families with children and households with annual incomes of more than \$35,000.

Restaurateurs are most likely to see high usage of takeout between Monday and Friday. However, those who choose to order breakfast to go frequently do so on Saturdays and Sundays. Most takeout orders are placed at a counter inside the restaurant, although drive-thru captures a sizable portion of takeout orders at breakfast and lunch. Those who purchase takeout for

Percent change in traffic by type of restaurant ¹			
Quickservice restaurants captured the largest increase in off-premises traffic			
	Total traffic	Off-premises traffic	On-premises traffic
Total restaurants			
82/83	2.7%	1.7%	3.4%
83/84	4.0	5.0	3.3
84/85	1.0	4.7	-1.3
85/86 ²	1.9	7.3	-1.7
Quickservice			
82/83	4.2%	2.4%	6.7%
83/84	4.6	5.2	3.9
84/85	4.4	5.9	2.5
85/86 ²	4.9	8.7	-0.2
Midscale			
82/83	-1.0%	-4.8%	-0.5%
83/84	2.5	4.1	2.3
84/85	-5.2	-6.0	-5.1
85/86 ²	-4.3	-6.5	-4.0
Upscale			
82/83	5.4%	-5.2%	6.0%
83/84	4.4	12.2	4.0
84/85	-1.8	-6.9	-1.5
85/86 ²	0.2	0.8	0.1

¹Percent changes are over the same period of the prior year.
²Data cover only first three quarters. Please note that CREST has changed its procedures for processing some of the diary information it collects. A new "casual dining" segment has been added to the upscale segment. Included in this category is information for many eateries which were previously classified as midscale specialty or family-style restaurants. These changes may affect the comparability of 1985 and 1986 data, particularly the increases or decreases in midscale and upscale traffic.
Source: GDR/CREST Enterprises, Household Report, 1982-1986

A look at the competition for takeout sales

In any discussion of the takeout market, talk inevitably turns to grocery and convenience stores, which are aggressively pursuing consumers' away-from-home food dollars. Here is a quick update of recent changes within the retail sector:

□ According to the National Association of Convenience Stores (NACS), 93 percent of all C-stores had microwaves in 1985, versus 88 percent in 1983; 95 percent offered fountain drinks, up from 78 percent in 1983; and seven in 10 provided a line of prepared foods, compared to 63 percent in 1983.

□ A *Progressive Grocer* magazine survey reveals that nearly six out of 10 supermarkets now have a service delicatessen, compared to 48 percent five years ago. Twenty-three percent offer a self-service deli, and 42 percent offer hot food to go.

□ The 1985 *Consumer Expenditure Survey* conducted by *Supermarket Business* magazine reports that service delis and in-store bakeries, both of which offer prepared foods to go, recorded the most dramatic increases in dollar shares of total store sales between 1984 and 1985. Additionally, the amount spent by an average household per week at in-store delis rose nearly 13 percent during that time.

□ Nearly three-fourths of the consumers polled for an annual survey by the Food Marketing Institute said the supermarket

where they do most of their shopping has a delicatessen or other carryout items. Of these consumers, one-fourth said they frequently make use of the service. About one-half of the respondents said a salad bar was available at their usual store, and 20 percent indicated frequent usage.

Foodservice, particularly takeout, has been targeted as a growth area by convenience and grocery stores. Although their efforts are no real secret to foodservice operators, it remains to be seen whether consumers will turn to them when they are looking for meals and snacks to go.

According to a 1985 Gallup survey, of all those consumers who purchased takeout, six percent did so at grocery stores, and a lesser three percent patronized C-stores. In contrast, 58 percent purchased takeout meals at fast food places and seven percent chose to go to family restaurants. Furthermore, CREST Household Report data reveal that in spite of increasing customer counts, retail stores' share of all quickservice takeout eater occasions is just over six percent, hamburger places hold a 30-percent share and pizza places capture about 20 percent of all off-premises traffic in the segment.

Grocery and C-stores do not appear to pose a significant threat in terms of total dollar volume. But, their effect is increasing as they become more involved in foodservice.

over 5.0 percent between 1982 and 1985, and customer counts for consumption of meals to go at work edged up 1.3 percent.

Quickservice units have led the way in the expansion of takeout meals eaten at home. Of all quickservice eater occasions in 1985, nearly three out of 10 involved meals and snacks purchased for at-home consumption, up from one-fourth four years earlier—an increase of more than 26.0 percent.

Even in the midscale and upscale sectors, which have not registered strong gains in off-premises traffic, the at-home market has grown. Between 1982 and 1985, customer traffic for restaurant meals to be eaten at home climbed nearly 10.0 percent in the midscale sector and

about five percent at upscale establishments.

Just over four percent of all eater occasions at mid-scale places were for takeout food and beverages purchased for at-home consumption in 1985. The takeout occasion share in the upscale sector was 2.6 percent. In fact, at upscale establishments the at-home market is the only real source of takeout traffic.

Takeout meals and snacks eaten at work account for about 3.5 percent of all traffic at midscale places, and those consumed in the car capture a scant 1.0 percent.

Hamburgers top choice for takeout

Not surprisingly, the foods consumers are most likely to purchase to go reflect the types of establishments that

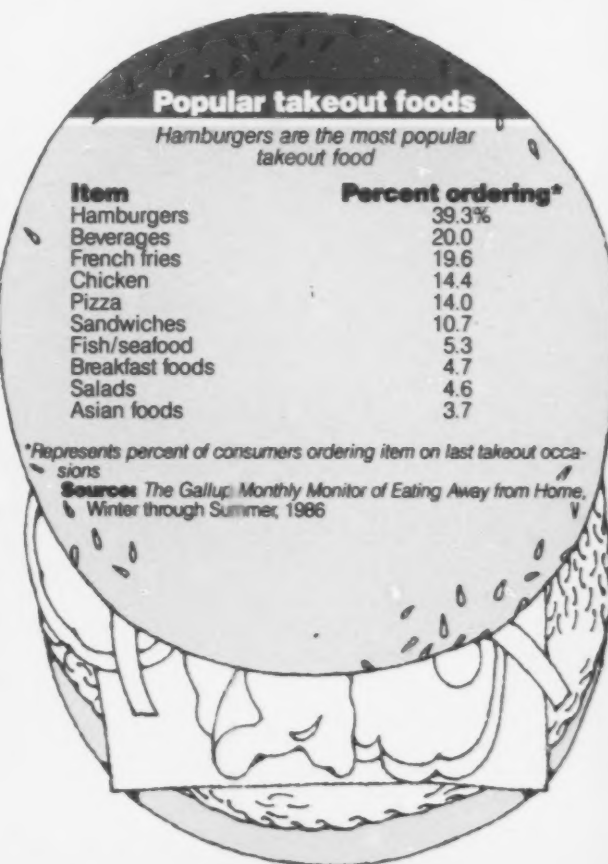
Popular takeout foods

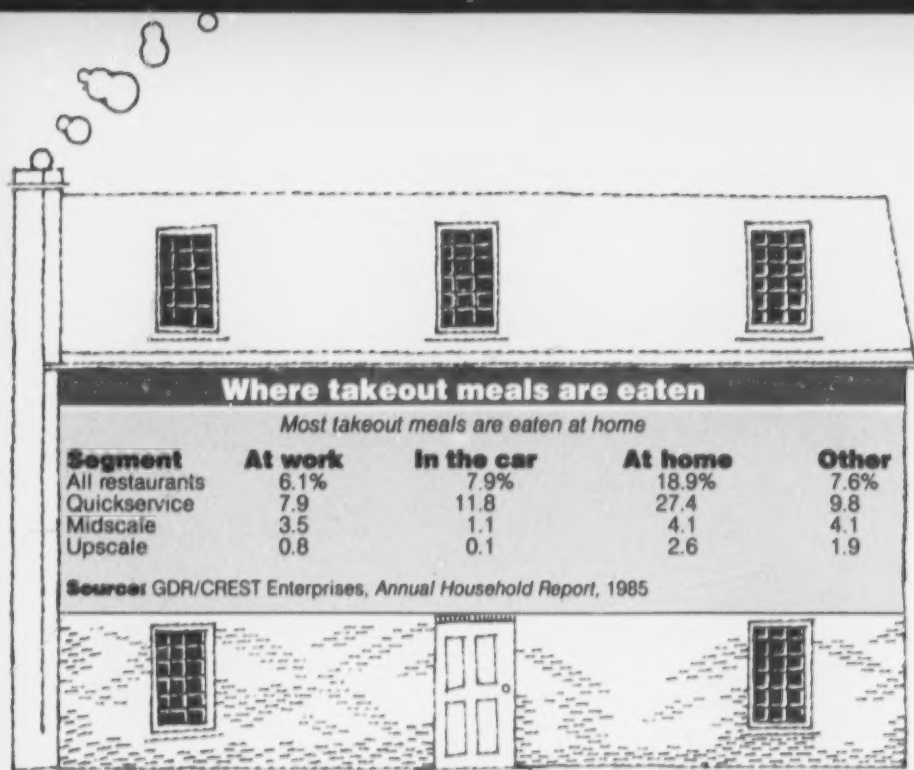
Hamburgers are the most popular takeout food

Item	Percent ordering*
Hamburgers	39.3%
Beverages	20.0
French fries	19.6
Chicken	14.4
Pizza	14.0
Sandwiches	10.7
Fish/seafood	5.3
Breakfast foods	4.7
Salads	4.6
Asian foods	3.7

*Represents percent of consumers ordering item on last takeout occasions

Source: The Gallup Monthly Monitor of Eating Away from Home, Winter through Summer, 1986





enjoy the largest takeout business. According to a 1986 Gallup survey, hamburgers are purchased by nearly four out of 10 takeout customers, which makes them the most popular takeout item. The quickservice segment's dominance of the takeout market certainly contributes heavily to placing hamburgers in the number-one position. Beverages and french fries, also common fast food fare, rank second and third. Consumers who purchase restaurant meals to go are also likely to opt for chicken, pizza and sandwiches. Other menu items included in the survey show a five percent or smaller inci-

dence of being chosen by those who purchased takeout foods last year.

A look ahead

Takeout should enjoy continued growth since the demographic changes that have altered lifestyles and

made convenience a top priority are not expected to reverse themselves. Delivery and gourmet takeout are two segments of the takeout market which have recently come into focus that should enjoy especially healthy futures. The 1990s have been

dubbed the "decade of delivery," and studies suggest this prediction may not be far off the mark. National Restaurant Association research reveals that about one-third of all consumers would take advantage of delivery if it was more readily available from restaurants. Further proof of the potential of delivery comes from the tremendous growth in the pizza segment since delivery has become a prime marketing tool.

Today's consumer is more sophisticated and has a discriminating palate that seeks quality, variety and unusual tastes. These upscale preferences, coupled with the desire for convenience, have given birth to gourmet takeout. Early signs suggest consumers are eager to give it a try. Patronage of specialty restaurants that offer gourmet, ready-to-eat takeout foods was up in 1986 over the prior year according to the National Restaurant Association/Gallup poll. In addition, when asked if they would take advantage of gourmet takeout meals if they were available, nearly three in 10 consumers responded favorably. Upscale operators may be in a unique position to capitalize on this trend since they may be more quickly associated with gourmet or specialty foods than other types of establishments.

Delivery and gourmet takeout are only two areas that are slated for growth. But, the takeout market is by no means limited to only these segments. Even now, restaurateurs in many other segments are exploring new approaches to catering to takeout purchasers—approaches that could prove to be profitable in our increasingly convenience-oriented society.

—Kate Conroy

Share of takeout traffic by meal period	
Takeout is most popular at the evening meal	
Meal period	Share of total traffic that is for takeout
Breakfast	32.1%
Lunch	35.9
Dinner	43.1
Notes: Data cover first three quarters of 1986 only.	
Source: GDR/CREST Enterprises, Household Report	

Growth of takeout by meal period			
Since 1982, takeout has grown the fastest at breakfast			
	Percent changes in off-premises traffic ¹		
	Breakfast	Lunch	Dinner
1982/83	10.8%	-0.5%	3.4%
1983/84	9.9	4.5	10.4
1984/85	13.9	0.7	5.3
1985/86 ²	6.7	4.9	11.8
¹ Percent changes are over same period of prior year.			
² Data cover only first three quarters. Please note: CREST has changed its procedures for processing some of the diary information it collects. A new "casual dining" segment has been added to the upscale segment. Included in this category is information for many eateries which were previously classified as midscale specialty or family-style restaurants. These changes may affect the comparability of 1985 and 1986 data, particularly the increases or decreases in midscale and upscale traffic.			
Source: GDR/CREST Enterprises, Household Report, 1982-1986			

Beef battles back

After decades of predominance, beef consumption dropped dramatically, from a peak of 94.4 pounds per capita in 1976 to 79.0 pounds per capita in 1986. In an effort to stem the tide, the beef industry is waging an all-out campaign.

The beef industry has been going through abrupt changes over the past several years, and 1987 will be no exception. The lower price of poultry, plus consumer demand for low-fat, low-cholesterol meat, has reduced beef consumption. From genetically leaner cattle to leaner grades of beef to a national promotion campaign, the industry is determined to stage a comeback. Through such entities as the National Livestock and Meat Board (NLSMB), the beef industry is committed to increasing its presence in the retail and foodservice markets, and it is prepared to work with restaurant operators to maintain beef's position in the marketplace.

Placing additional beef items on menus is an important objective for the beef in-

dustry. With increased consumer concern about cholesterol and fat levels, beef has been challenged by poultry and fish entrees—even in steak house restau-

rants. Between 1982 and 1985, the number of orders at restaurants increased 23.0 percent for fried chicken and 46.0 percent for non-fried fish, according to CREST data. At the same time, orders of beef entrees and

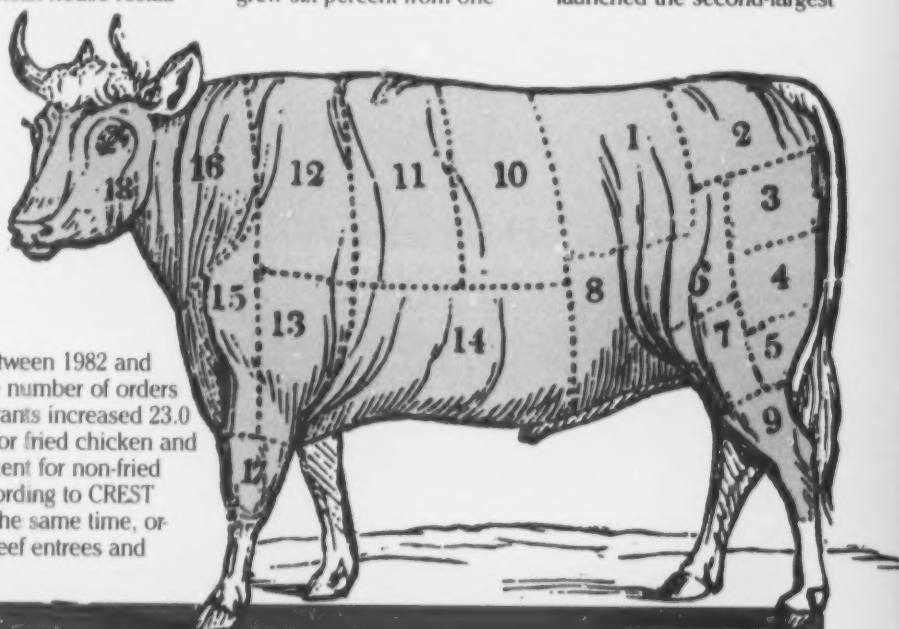
steak sandwiches faced decreases of 8.0 and 24.0 percent, respectively. Additional CREST data show that beef's share of all entree items ordered also fell, dropping from 8.2 percent in 1983 to 7.2 percent in 1985, with third-quarter 1986 data showing a further decline to 6.5 percent. That is not to say, however, that beef is being eliminated from restaurant menus.

Cheeseburgers' share of all sandwiches ordered in the third quarter of 1986 grew six percent from one

year ago, continuing an upward trend. Hamburgers and cheeseburgers continue to dominate the sandwich category, accounting for 56.0 percent of all sandwich orders in 1985. Also, a recent Gallup survey concerning menu choices indicated that beef remains the most often chosen item in the meat and fowl category, with chicken in second place.

Beef industry develops promotion campaign

The beef industry recently launched the second-largest



Per capita consumption of beef, poultry and fish/shellfish (pounds on a retail weight basis)

Beef consumption has dropped from its peak in the 1970s

Year	Beef	Broilers	Turkey	Total poultry	Fish/shellfish
1940	43.4	2.0	2.9	17.0	11.0
1950	50.1	8.7	4.1	24.7	11.8
1960	64.3	23.4	6.2	34.0	10.3
1970	84.0	36.8	8.0	48.4	11.8
1975	87.9	36.7	8.5	48.6	12.2
1980	76.5	47.0	10.5	60.6	12.8
1981	77.2	48.5	10.8	62.4	12.9
1982	77.2	49.9	10.8	63.8	12.3
1983	78.6	50.8	11.3	65.1	13.1
1984	78.5	52.9	11.4	67.0	13.7
1985	79.1	55.5	12.1	70.1	14.5
1986	79.0	57.1	13.5	73.4	N/A
1987 ¹	73.8	60.3	15.8	78.7	N/A

¹Estimated by the United States Department of Agriculture (USDA)

Source: USDA

federally authorized promotion program which is expected to raise \$70 million per year (see sidebar). It is concentrating its marketing and promotional efforts in four major areas: education, research, information and promotion.

The educational effort has focused on consumers, foodservice operators and retailers. Research findings which relate consumption of saturated fat and cholesterol to heart disease and a general trend toward greater personal fitness have made beef a focus of nutritional concerns. According to a Yankelovich, Skelly and White, Inc. study conducted in 1983 for the National Livestock and Meat Board, almost half of all primary shoppers surveyed said health was the leading factor affecting food purchase decisions. Although the study also indicated that not all those identifying themselves as health conscious actually cut down on meat consumption, it is still a major concern of the beef industry.

The National Consumer Retail Beef Study, sponsored by the National Cattlemen's Association, the United States Department of Agriculture (USDA) and Texas A&M, among others, examined consumer attitudes toward visible fat on beef cuts in several retail markets. After surveying test markets, the experimenters concluded that "leanness is a key factor in terms of improving the image of beef and increasing purchase appeal."

Following up on these research findings, the beef industry is beginning to tackle the health and nutrition issue on several different fronts. In the retail market, the industry's major effort has been the creation of the Meat Nutri-Facts Program, a successful campaign making

Fastest growing and declining foods at restaurants

Steak sandwich consumption dropped significantly between 1982 and 1985

Menu Items	Percent change in number of servings (1982-1985)
Gainers	
Breakfast sandwiches	103%
Fish, not fried	46
Main-dish salads	38
Pizza	33
Rice	33
Large cheeseburgers	30
Fried chicken	23
Chinese/Asian items	23
Losers	
Steak sandwiches	-24%
Ham and cheese sandwiches	-19
Seafood	-17
Barbecue ribs	-15
Veal	-13
Pork	-10
Hot dogs	-9
Chicken sandwiches	-8
Beef	-8

Source: GDR/CREST Enterprises, Annual Household Report, 1982-1985

use of point-of-purchase displays. Found in the meat section of grocery stores, the displays explain the nutritional content of selected three-ounce cuts of beef. Ac-

cording to the NLSMB, nine out of the top-10 supermarket chain stores (in terms of dollar sales) utilize the Meat Nutri-Facts Program.

The industry also plans to

spread its "beef is good food" message to health-care professionals. It has developed brochures on nutrition, video education materials and technical workshops. Mary Adolf of the NLSMB believes that "the attitude on behalf of the health-care community is moderating."

Focus on foodservice operators

In addition to advertising to consumers on radio and television, the beef industry has utilized print advertising in foodservice industry trade publications to reach restaurateurs. It is scheduling seminars and distributing training books, tapes and recipes utilizing three ounces of beef. The beef industry objective is to educate restaurant operators about beef and extend menu offerings. NLSMB reports that beef menu penetration is now at 97 percent, but that there are many areas of the menu where beef has yet to appear in force. Because beef entrees have had to increasingly share the entree

"Select" versus "Good," USDA beef grading

Many in the meat industry are campaigning to change the name of the USDA "Good" grade to "Select" because "Select" is viewed as having a more positive connotation. About 65.5 percent of steer and heifer beef is graded by USDA. Of that 65.5 percent, 94.3 percent is graded "Choice" and 3.0 percent is graded "Prime." Since grading is voluntary and paid for by

the packers, only a "Choice" or "Prime" grade is usually worth the expense. As a result, the majority of the "Good" quality beef is sold ungraded, referred to as no-roll beef. Retailers increasingly buy no-roll meat (often pretrimmed beef) from packing houses and add their own "Lean" and "Extra Lean" labels.

The USDA grades are based upon qualities that determine beef palatability, such as age and marbling. However, there is a distinct trade-off between palatability and

leanness. The more tasty "Choice" grade has a higher fat and cholesterol content than the "Good" grade. With the emphasis on leanness, "Good" grade beef is being sold with that quality in mind, and the industry wishes to see the "Good" name changed to "Select" in order to increase consumer acceptance.

Still, packers will not be likely to get their beef graded "Select" unless there is consumer demand. Building demand for the "Select" label will necessitate consumer education and promotion.

section of menus with poultry and fish dishes, the beef industry has emphasized non-traditional beef dishes, such as appetizers and salads. The growing trend toward grazing—eating multiple, smaller dishes—has further motivated the industry to change beef's image as primarily an entree item.

Product and packaging innovation

Market research and product development are key areas of interest to the beef industry. The industry continues to study consumer attitudes toward beef, often discovering new marketing opportunities. This research has led to product innovation, such as pre-cooked beef items. Though currently in the experimental stage, these items have high sales potential.

Packaging goes hand in hand with product development. Poultry producers have made life easier for the consumer, the retailer and the restaurateur

through the use of innovative packaging. Red-meat packers have responded with vacuum packaging, portioned shipments, and one-third and one-half beef subprimals, a further division of a primal carcass section. Vacuum packaging, used for the majority of beef in foodservice, allows for a longer shelf life, while boxed subprimals, retail-trimmed and presliced, are ready to be cut into individual portions, displayed and cooked, thus saving production time and improving inventory control.

Trimming fat on beef cuts

In an attempt to combat the perception of beef as a fatty food, the industry has been reorienting itself toward leanness. One method is fat trimming. Beef cuts were traditionally displayed and sold with one-half to three-quarters of an inch of external fat. Consumer studies by the beef industry indicate that trimmed beef can stimulate sales as well

as lower cholesterol and fat content. The studies also found that consumers judge leanness in beef by appearance in the absence of other product communication. As a result, retail stores are increasingly trimming external fat to one-quarter inch.

Foodservice operators also may find increased sales through the promotion and sale of leaner, less-fatty beef. In fact, the National Restaurant Association's study *Consumer Nutrition Concerns and Restaurant Choices* suggests that the majority of consumers are likely to try lean meats at restaurants.

Leaner cattle and branded beef

The industry is also reorienting itself toward leanness on the production level. Combining crossbreeding with leaner stock, less time in the feed lot and special diets, cattlemen are producing a new generation of cattle. These cattle not only have less fat, but

also are producing higher yields, which means less waste in the packing houses.

An offshoot of the leanness trend in cattle is production of natural beef from steers raised without the use of hormones or antibiotics to combat health concerns over these additives. At present, natural beef is most often associated with branded beef, a product grown, slaughtered and marketed under a single brand name, much like poultry.

Branded beef emphasizes natural production, good taste and leanness, often achieved through crossbreeding with exotic, European cattle. This beef can be expensive, sometimes costing more than \$20 per pound, trimmed, but there appears to be no lack of consumer demand. Excellent sales have been reported around the country, bringing more cattlemen into the branded beef market.

Besides a healthful, quality image, other advantages for cattlemen exist with the branded beef product. Its development has created a production system wherein the cattleman markets his own herd. If he chooses to package his own beef, he is unencumbered by the limits of packaging at retail operations, allowing himself the opportunity to target specific markets and restaurant opportunities. At present, however, branded beef relies on its quality image to sell itself to restaurant patrons and supermarket shoppers.

In sum

The beef industry is working on all fronts to rebuild beef as the consumers' top choice for protein.

—Laurence Greenberg

Beef industry ad campaign takes off

For the first time ever, the beef industry is launching a prime-time, national television, radio and print advertising campaign which features Hollywood personalities Cybill Shepherd and James Garner as spokespeople. The new ad campaign, started in January 1987, is part of the new federally authorized beef promotion program.

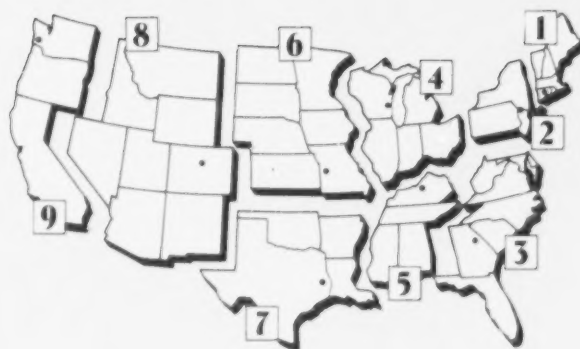
Administered by the U.S. Department of Agriculture (USDA) and run

by the beef industry through the Cattlemen's Beef Board, the 22-month-long program is expected to raise \$70 million per year. The funding is to come from a one-dollar surcharge levied against each head of cattle, each time it is sold along its production route. Half of each dollar will go to the Cattlemen's Beef Board, and the other half will go to the local beef promotion organization representing the state where the sale occurred.

The \$35 million in revenue will almost triple the 1985 national promotions' budget of \$12 million. Of

that \$35 million, the majority of the money will be spent on the national ad campaign, with the remaining \$10 million earmarked for other promotional activities. These include promotions for the retail and foodservice markets as well as public relations and research expenditures.

Promotions in the foodservice market will total approximately \$1.8 million, of which about \$800,000 is budgeted for advertising in foodservice trade magazines. The outlay for the foodservice market represents five percent of the total budget.



1 NEW ENGLAND

Location: Pine Meadow, CT
Association member: Michael Dileo
Operation: 6 D's Restaurant
Profile: Fullservice family restaurant
In business: 17 years
Seats: 135
Meals served: Breakfast, lunch, dinner

At 6 D's, a moderately priced family restaurant in Pine Meadow, CT, traffic has been "very strong." In fact, says owner **Michael Dileo**, business is up 70 percent over last year. He cites two reasons for the increase: a comprehensive renovation last year and the area's strong economy.

6 D's varied menu of homemade items includes seafood and Italian specialties. One of the most popular specials is a hefty plate of spaghetti and meatballs, which is served with salad and rolls for \$3.99.

All is not roses, however, at 6 D's. Like many other area operators, Dileo sees one lingering drawback to the area's thriving economy: a serious labor shortage, especially for kitchen help.

In response to the labor shortage, does he think operators will be extending more benefits to employees? "Menu prices would have to increase tremendously," Dileo says. He currently offers all full-time employees the opportunity to buy into a group health plan, "but not too many take advantage of it," he reports.

Profile: Fullservice steak house
In business: 1 year
Seats: 410
Meals served: Lunch, dinner

At Arthur's Tavern, up the street from the Hudson River in Hoboken, NJ, "business is excellent." General manager **Dick McCarthy** attributes the one-year-old steak house's popularity to the booming development in the area.

Arthur's specializes in 24-ounce Delmonico steaks that sell for \$8.95, and the restaurant serves 1,500 to 2,000 each week. Live jazz is featured nightly, and bar sales account for nearly 50 percent of total receipts. One of the reasons bar sales are so high, says McCarthy, is that most of the customers use public transportation and, therefore, do not have to drive after drinking.

Like many restaurant workers in the New York area, many of the hourly employees at Arthur's are aspiring models and actors. They are offered no benefits, says McCarthy, but "flexibility with their schedules is one of the special things they receive."

3 SOUTH ATLANTIC

Location: Athens, GA
Association member: Wilson Elder
Operation: The Varsity Drive-in
Profile: Fast food drive-in
In business: 58 years
Seats: 140
Meals served: Breakfast, lunch, dinner

Business is as steady as ever at The Varsity, a drive-in, drive-up fast food restaurant in Athens, GA. Sister restaurant to the two famous Varsities in Atlanta, GA, the Athens Varsity draws much of its business and labor force from the nearby University of Georgia.

The Varsity, says manager **Wilson Elder**, "offers people a popular alternative to the highly structured fast food industry." An example of The Varsity's uniqueness is the lingo used by the counter-men as they relay orders to the kitchen. A plain hamburger is called a "naked steak," a burger with lettuce, tomato and mayonnaise is called a "Sally Rand, through the garden" and a Coke is called a "skeeet."

The Varsity does share at least one trait with other fast food restaurants: a high employee turnover rate. To encourage employees to stay, The Varsity offers full-time employees, with a designated amount of experience, free insurance, paid vacations and annual bonuses based on performance. In addition, students who work while attending the university can take advantage of a savings/bonus program that entitles them to a cash bonus when they graduate.

In business: 19 years
Seats: 225
Meals served: Lunch, dinner

"The local economy seems to be coming around," says manager **Jim Pandl**, "but it's my gut feeling that people still don't feel too secure." Nonetheless, business at George Pandl's in Bayside is extremely good, thanks to an extensive springtime remodeling and the restaurant's loyal local following.

Pandl's serves a full and varied menu which emphasizes fresh ingredients. Whitefish is one of the most popular dishes, and, like most of Pandl's seafood, it is brought in daily by U.P.S. from Florida.

Although Pandl's is located in the northernmost suburb of Milwaukee, management relies heavily on workers from the inner city. "Reliable local help is difficult to find," says Pandl. "Kids won't do dishes anymore." To help with transportation, workers are paid one dollar for each employee they drive home.

All full-time employees receive paid vacations and are given the opportunity to buy into a group insurance plan.

2 MID ATLANTIC

Location: Hoboken, NJ
Association member: Arthur McGreevy
Operation: Arthur's Tavern

4 EAST NORTH CENTRAL

Location: Milwaukee, WI
Association members: James Pandl, Amy Pandl, Kathleen Pandl, George Pandl
Operation: George Pandl's in Bayside Inc.
Profile: Fullservice family restaurant

5 EAST SOUTH CENTRAL

Location: Louisville, KY
Association member: W. Howard Poole

Operation: Dizzy Whizz Restaurant
Profile: Drive-in fast food
In business: 40 years
Seats: 40
Meals served: Breakfast, lunch, dinner

"Business has been up lately," says **Howard Poole**, owner of Louisville's Dizzy Whizz Restaurant. The local economy is forcing people to trade down to less expensive restaurants which has boosted traffic at Poole's quickservice drive in.

Dizzy Whizz's menu—burgers, sandwiches, fries and shakes—does not set the restaurant apart from its fast food competition. Poole's philosophy, however, does. "I think there's still room," he says, "for a quickservice independent who does things a little bit differently." Poole's customers enjoy friendly curb service—a waitress takes orders and delivers the food to each car.

When it comes to managing his employees, "We treat them," Poole says, "as we'd like to be treated ourselves." As a result, the restaurant's 25 employees have a combined 321 years of service with the company. All full-time employees receive paid vacations and they also have access to an informal, interest-free loan service. "I probably went through \$3,000 or more this Christmas," Poole says. "But I haven't lost \$500 in the last 40 years."

6 WEST NORTH CENTRAL

Location: Kansas City, MO
Association member: Don F. Lee
Operation: Savoy Grill
Profile: Fullservice restaurant
In business: 84 years
Seats: 520
Meals served: Lunch, dinner

"Tradition" is the word that best sums up Savoy Grill, an 84-year-old Kansas City restaurant that has never followed trends. The decor has seen only one change in 26 years, and the menu has maintained its original concentration on fresh steaks and seafoods prepared in a simple manner. "We learned a long time ago that people like things simple," says manager **Mike Sparks**. "Our business is great."

The owner of Savoy Grill believes that "if you give your employees a reason to stay, they will." The company contributes to profit-sharing and retirement plans for all full-time employees. In addition, after six months, all full-time employees receive full medical and life insurance. The generous benefits, says Sparks, result in a low turnover rate. The average tenure for Savoy's waitstaff is more than six years.

7 WEST SOUTH CENTRAL

Location: Beaumont, TX
Association member: B.L. Northen
Operation: Boondocks
Profile: Country dinnerhouse
In business: 14 years
Seats: 185
Meals served: Tuesday—Friday, dinner only; Saturday and Sunday, lunch and dinner

"The economy of Texas is not too good right now, but we're holding our own," says **Mae Northen**, owner of Boondocks, a rustic country restaurant, located 20 miles outside of Beaumont.

Although Boondocks' chicken fried steak has been ranked among the top 10 in Texas, the real house specialty is catfish. But customers make the trip to Boondocks for more than the

food: They enjoy the natural entertainment. Throughout the year, raccoons and possums frolic on the restaurant's patio, and, during the spring and summer, customers enjoy feeding hush puppies to alligators that congregate in the bayou near the restaurant's deck.

Boondocks' nearly 30 employees receive no benefits. In the past, Northen offered group insurance, but she was forced to drop the policy when rates skyrocketed.

8 MOUNTAIN

Location: Denver, CO
Association members: Paul Hutchens, Erik Hegstrom, Lili Weese, Brian Morris
Operation: Rick's Cafe
Profile: Fullservice fern bar
In business: 10 years
Seats: 185 winter; 235 summer
Meals served: Lunch, dinner

The lunch and dinner traffic at Rick's Cafe has remained fairly steady, says co-owner **Peter Simonson**, even though Denver's economy "is not what it was 10 years ago." The cafe's bar business, however, has been hurt by stricter drinking laws and a gradual slowdown in the city's social climate.

Located in the east-central part of the city, Rick's was one of Denver's original fern bars. The cafe's light menu attracts a 25 to 40-year-old crowd. Specialties include the *Pollorito*, a chicken burrito, and *Stew in a Loaf*, which consists of beef served in a hollowed-out, round loaf of shepherd's bread. Homemade cream pies are popular for dessert.

All full-time employees who have been with Rick's for at least six months are eligible for group medical and

dental coverage. The insurance is prorated so that the longer the employee works at Rick's, the larger the percentage of coverage the restaurant pays.

9 PACIFIC

Location: Aberdeen, WA
Association members: Lowell Bridges, Alec Takagi, Frank Valley
Operation: Bridges Restaurant
Profile: Fullservice upscale restaurant
In business: 20 years
Seats: 240
Meals served: Lunch, dinner

Washington's coastal economy has been hurt, says Bridges Restaurant manager **Karen Brunstad**, by the slowdown in the fishing and logging industries. Bridges, however, has been able to maintain a brisk level of business because of strong tourist traffic, loyal local customers and a recent remodeling that added an airy, 45-seat solarium.

Bridges is located near Gray's Harbor in Aberdeen, a town of nearly 18,000. The restaurant is well-known in the harbor area for its prime ribs and seafood as well as its chicken and pasta. Recently, says Brunstad, the chef has been spicing up the menu with some well-received Southwestern dishes, such as blackened fish and Cajun fettuccine.

Bridges' owners have done an effective job of creating a comfortable, family atmosphere for the restaurant's employees. "Many of our people have been with us a long time," says Brunstad. "They're very content here." All full-time employees receive free medical coverage as well as paid vacations.

—David Slater

Overseas for a job well done

To reward employees for a job well done, the owners of Tosi's, a Northern Italian restaurant in Stevensville, MI, took 20 of their employees to Italy in January 1986. The trip turned out to be such a success that the owners, Charles and Ginger Mostov, plan to make the outing a yearly affair.

"This year, we'll take a



small group of cooks and managers," says Charles Mostov, "and at least every other year we'd like to take a large group—if, of course, we've had a good year."

The trips are tailored to correspond with the employ-

ees' responsibilities at the restaurant. The cooks, for example, spend time in kitchens and learn some new dishes, and the members of the waitstaff visit wineries to learn about wine and food pairing.

"The trip has really turned

out to be beneficial to everyone," says Mostov. "Now there's an extra incentive to having a good year at the restaurant, and the trip itself is fun and educational at the same time. It's a nice job benefit."

—Restaurants USA interview

Off the beaten path

The Chalet at Alpine Meadows, Lake Tahoe, CA, offers seven wines by the glass and 20 different types of beer, but owner Dan Buchard never worries about his customers driving after drinking. The homey, 45-seat operation is situated halfway up a mountain and is accessible only to skiers.

But for 15 years, chilled and hungry skiers have

flocked to The Chalet to warm themselves by the fireplace with homemade chili, soups and sandwiches. Located on National Forest Service land, the restaurant is strictly a wintertime operation, dependent upon the skiers who are drawn to the mountain. Buchard, however, is negotiating to bring horseback riders to The Chalet for barbecues in the summer.

—Restaurants USA interview

Revelers get a free ride home

There may not have been a free lunch, but there was a free ride—at least in Chicago this New Year's Eve.

The money slots on all Chicago Transit Authority rapid transit trains and buses were covered from 8:00 p.m. to 6:00 a.m. through the New Year's Eve celebrations, courtesy of the Illinois Restaurant Association and the Chicago Transit Authority.

The free rides were made possible after the Chicago Transit Authority Board passed a special ordinance authorizing penny fares for public transportation on New Year's Eve. The Illinois Restaurant Association offered to pick up the penny tab per rider to support the nationwide "Don't Drink and Drive" campaign.

An estimated 200,000 New Year's Eve revelers kept away from the steering wheel and opted for the chauffeured ride home.

Mixed drinks mix well with food

The liquor industry has taken a cue from the wine industry: It is promoting liquor as an accompanying beverage with food. Some combinations include gin and tonic with fish, scotch and water with roast beef and a rum spritzer with veal.

The promotion is part of a new program the Distilled Spirits Council of the United States, Inc. (DISCUS) has introduced to offset a 15-percent decline in liquor sales since 1975. The program, which is the first generic liquor-marketing campaign, promotes liquor in an upbeat and positive fashion.

In support of the "Good Spirits, Good Sense" program, DISCUS representatives will attend trade shows,



organize materials to promote liquor sales and work with foodservice industry leaders to come up with new ways to increase check sizes.

To learn more about the "Good Spirits, Good Sense" program or to receive the free liquor and food pairing brochure, operators should write DISCUS, P.O. Box 32275, Washington, DC, 20007.

—Distilled Spirits Council of the United States, Inc.

Blue potatoes, avocado oil

There are a couple of intriguing newcomers heading for gourmet shop shelves: Swedish blue potatoes and avocado oil.

Food experts have long considered blue to be the least appetizing of all colors because there are so few blue-colored items in nature that are edible. Now, however, hot on the tails of the recently introduced blue corn, are Swedish blue potatoes which have been turning up in markets on both coasts. The spuds taste just like their small red cousins, but their jackets and pulp are blue.

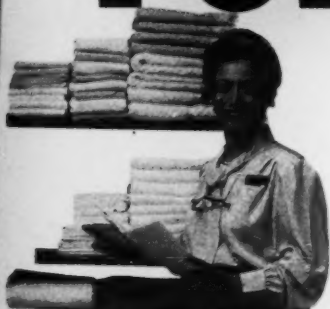
The avocado oil, created by AvoFoods of Santa Clara, CA, has been praised by Julia Child for its subtle flavor and high smoking point, which makes it ideal for stir-frying. She also likes the oil as an ingredient in salad dressings and on fish.

Heart patients and diet-conscious people will be glad to know that avocado oil, like olive oil, is mono-unsaturated and contains about the same amount of calories as regular vegetable oil. The oil is selling for about \$6 for a 13-ounce bottle. This might seem expensive until you realize that 16 pounds of avocados are needed to yield that quantity of the gold-green oil.

—Bon Appetit, Washington Times

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